

# Governor's Final Report

## Reductions Pursuant to 17-7-140, MCA

**June 28, 2002**

### Enterprise

#### Service

#### Statewide / Enterprise

#### **Grounds Maintenance reduction**

A reduction in capitol grounds maintenance of \$5,000 is possible by curtailing irrigation, lowering fertilization and reducing mowing of the grounds on the Capitol Complex. About \$2,500 of the reduction results in a general fund savings. The Department of Fish, Wildlife and Parks will bill agencies at the reduced rate in FY 2003.

#### Statewide / Enterprise

#### **Capitol Complex rent reduction**

Rent is currently \$4.77 per square foot for office space and budgeted for \$4.88 in FY 2003. By eliminating all exterior window washing and reducing the janitorial contract to every other day, the general fund savings would be \$60,427 and the other funds savings would be \$57,573 in FY 2003. The reductions will decrease the rental rate to about \$4.82 in FY 2003. The Department of Administration will bill agencies the lower amount.

## Section A – General Government & Transportation

### 2110 Judiciary

#### Program Number & Name

#### Service

#### Recommended Amount

#### **04 District Court Operations**

#### **Asbestos Court**

243,204

The Asbestos Court was established in SB 282, and the appropriation is in HB 2. There is 30% of the FY 2002 appropriation for \$57,047 and the FY 2003 appropriation is \$186,157, totaling \$243,204. No Asbestos Court will exist. District Court judges would have to handle cases if W.R. Grace were to be out of bankruptcy before 7/1/03, but that is not anticipated.

#### **02 Boards And Commissions**

#### **FTE in Boards and Commissions**

69,042

Eliminate Boards and Commissions FTE authorized by the 2001 Legislature. Two Supreme Court created Commissions will remain without staff and Commission on Practice will remain understaffed.

#### **03 Law Library**

#### **Law Library Vacancy Savings**

3,000

The Law Library will experience turnover this summer. The position will be left vacant until \$3,000 vacancy savings is achieved. Law Library reference services will be reduced while the position is vacant. Other Law Library staff will try to cover the duties as time permits.

#### **03 Law Library**

#### **Integrated Law Library System Maintenance**

28,000

The upgrade and maintenance for the Integrated Law Library System will be eliminated. Necessary upgrades and maintenance of the current system will either be postponed or occur when absolutely necessary and be funded by diverting funds from the purchase of library books.

#### **03 Law Library**

#### **Reduce purchase of Law Library books**

5,000

Reduction in the purchase of Law Library books will mean fewer current or new law books will be available for Montanans to use for research. These resources will be accessible on-line.

#### **01 Supreme Court Operations**

#### **Court Appointed Special Advocate**

17,500

Reduce the CASA/GAL general fund appropriation by \$17,500. This is 50% of the anticipated balance of the biennial appropriation. Five local CASA/GAL programs will not receive \$3,500 of "start-up" or "seed" money to pay for travel, training and other costs for new CASA programs.

### **Summary for Agency # 2110, Judiciary**

**\$365,746**

**3101 Governor's Office**

<b><u>Program Number &amp; Name</u></b>	<b><u>Service</u></b>	<b><u>Recommended Amount</u></b>
<b>04 Office of Budget &amp; Program Planning</b>	<b>Computer Expenses now budgeted in DOA</b>	<b>10,212</b>

A budget for computer system development would be eliminated during FY 2003.

<b>01 Executive Office Program</b>	<b>General Fund Carryforward</b>	<b>8,694</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the Executive Office would not be requested to be carried forward.

<b>02 Mansion Maintenance Program</b>	<b>General Fund Carryforward</b>	<b>7,424</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the Mansion Maintenance program would not be requested to be carried forward.

<b>03 Air Transportation Program</b>	<b>General Fund Carryforward</b>	<b>12,320</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the Air Transportation program would not be requested to be carried forward.

<b>04 Office of Budget &amp; Program Planning</b>	<b>General Fund Carryforward</b>	<b>49,133</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the OBPP would not be requested to be carried forward.

<b>05 Indian Affairs</b>	<b>General Fund Carryforward</b>	<b>9,762</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the Office of Indian Affairs would not be requested to be carried forward.

<b>12 Lt. Governor</b>	<b>General Fund Carryforward</b>	<b>10,950</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the Lieutenant Governor's Office would not be requested to be carried forward.

<b>16 Citizens' Advocate Office</b>	<b>General Fund Carryforward</b>	<b>7,040</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the Citizens' Advocate Office would not be requested to be carried forward.

<b>20 Mental Dis Bd Visitors</b>	<b>General Fund Carryforward</b>	<b>15,653</b>
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Potential 30% carryforward of general fund reversions from FY 2002 in the Mental Disabilities Board of Visitors would not be requested to be carried forward.

<b>04 Office of Budget &amp; Program Planning</b>	<b>Personal Services Contingency Fund</b>	<b>65,000</b>
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The Personal Services Contingency account includes a general fund biennial appropriation of \$1.3 million. One half of that for FY 2003 is \$650,000. The recommended reduction is \$65,000 or 10%.

<b>04 Office of Budget &amp; Program Planning</b>	<b>Eliminate vacant position</b>	<b>52,000</b>
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One Executive Budget Analyst FTE has remained vacant and will be proposed for elimination in the next budget cycle.

<b>01 Executive Office Program</b>	<b>Postpone establishment of Washington D.C.</b>	<b>127,500</b>
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Establishment of a Washington D.C. office would be delayed into FY 2003. This proposed reduction reflects an estimated savings in personal services and operating expenses for three months.

<b>01 Executive Office Program</b>	<b>25% Cutback in Travel Budget</b>	<b>56,655</b>
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Budgeted travel would be cut back for FY 2003. The amount represents 25% of the remaining general fund travel budget for the Executive Office, Economic Development Office, and Mental Health Ombudsman.

<b>03</b>	<b>Air Transportation Program</b>	<b>25% Cutback in Travel Budget</b>	<b>5,679</b>
Budgeted travel would be cut back by 25%, with \$5,679 to be eliminated in the Air Transportation program.			
<b>04</b>	<b>Office of Budget &amp; Program Planning</b>	<b>25% Cutback in Travel Budget</b>	<b>1,375</b>
Budgeted travel cut back by 25% would be \$1,375 in OBPP.			
<b>05</b>	<b>Indian Affairs</b>	<b>25% Cutback in Travel Budget</b>	<b>1,829</b>
Budgeted travel cut back by 25% would be \$1,829 in Indian affairs.			
<b>12</b>	<b>Lt. Governor</b>	<b>25% Cutback in Travel Budget</b>	<b>4,634</b>
Budgeted travel would be cut back by \$4,634.			
<b>20</b>	<b>Mental Dis Bd Visitors</b>	<b>25% Cutback in Travel Budget</b>	<b>5,088</b>
Budgeted travel cut back by 25% would be \$5,088. This action will reduce the number of site visits the Mental Disabilities Board of Visitors will be able to conduct during the fiscal year by approximately three.			
<b>01</b>	<b>Executive Office Program</b>	<b>Reduce Consensus Council OTO GF Approp by</b>	<b>37,500</b>
There is a one-time-only general fund appropriation of \$75,000 in FY 2003 for matching grants, which would be reduced by \$37,500.			
<b>04</b>	<b>Office of Budget &amp; Program Planning</b>	<b>Exempt Employee Pay Freeze</b>	<b>2,881</b>
Some exempt employee salaries are set by the appointing official and are not subject to pay plan rules. An estimated \$2,881 in general fund appropriation would be eliminated to freeze the budget director's salary in the Office of Budget and Program Planning.			

**Summary for Agency # 3101, Governor's Office** **\$491,329**

### **3202 Commissioner of Political Practices**

<b><u>Program Number &amp; Name</u></b>	<b><u>Service</u></b>	<b><u>Recommended Amount</u></b>
<b>01 Administration</b>	<b>Travel</b>	<b>1,200</b>
The Commissioner will be unable to attend the annual conference on governmental ethics. Travel to make presentations at election administrator and candidate training schools will be limited. The Council on Governmental Ethics Laws (COGEL) provides a website and publications that may be accessed by the Commissioner and legal counsel. In addition, COGEL provides interactive communications' links that enable consultation with staff of other ethics agencies in other states. With remaining travel funds, either the Commissioner or the agency Administrative Officer (rather than both) would attend election administrator and candidate training schools.		
<b>01 Administration</b>	<b>Advertising</b>	<b>500</b>
There are no anticipated consequences from a \$500 reduction because it is expected that the agency will have limited advertising costs. Major advertising expenses have been related to vacancy postings. The agency does not anticipate any staff changes.		
<b>01 Administration</b>	<b>Electricity</b>	<b>350</b>
The staff is not anticipating any agency requested electrical changes. The \$350 is available for reduction.		
<b>01 Administration</b>	<b>Education/Training Costs</b>	<b>300</b>
The agency will limit staff training to those that are specific to job-related tasks. Agency will conduct more staff meetings, facilitate more employee-to-employee training, and more in-house development as a result of a \$300 cut.		
<b>01 Administration</b>	<b>Consulting and Professional Services</b>	<b>2,000</b>
The agency will rely less on temporary services and utilize short-term worker hires for additional staffing needs to provide necessary services for candidates, lobbyists, and legislators during peak work periods. There will be increased reliance on current staff to provide additional service.		

<b>01 Administration</b>	<b>Printing/Publications and Graphics</b>	2,500
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If the number of candidates, lobbyists, and committees that are required to file with this office are higher than anticipated, the availability of printed materials may be limited. Materials provided to candidates, committees, and treasurers would have to be shared instead of the agency providing multiple packets of materials to campaigns and committees. An initial supply of forms would be provided, after which campaigns and committees would be requested to make additional copies as needed at their expense, although the majority of the commissioner's printing was done in FY 2002.

<b>01 Administration</b>	<b>IT Consulting and Professional Services</b>	10,000
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The proposed reduction in professional services would effect the ability to enhance or update the agency database used to capture all data relating to campaigns for statewide and state district offices and statewide ballot issues. Data captured is used to create the summary of contributions and expenditures required by 13-37-119, MCA. The statutory requirements will have to be met through other IT avenues, reverting to word processing programs requires significant additional staff time. The required reports may not be produced on a timely basis; for example, the required bi-annual report could take an additional several months to prepare and distribute, and information contained therein could be dated.

<b>Summary for Agency # 3202, Commissioner of Political Practices</b>	<b>\$16,850</b>
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### **3401 State Auditor's Office**

<u><b>Program Number &amp; Name</b></u>	<u><b>Service</b></u>	<u><b>Recommended Amount</b></u>
<b>04 Securities</b>	<b>Reduce operations costs</b>	1,717

The SAO will reduce operating costs in the Securities Program. The reduction could impact the program's timeliness with respect to regulatory functions, industry's needs, and consumer protection.

<b>04 Securities</b>	<b>Vacancy savings from other positions</b>	2,000
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The Securities Program will realize vacancy savings from the position of an employee who will be moving in late summer. SAO will hold this position open long enough to realize \$2,000 in vacancy savings related to salary and benefits. Existing staff would absorb the duties as time allows.

<b>04 Securities</b>	<b>Reduce personal services</b>	8,075
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Reduce a 1.00 FTE filled position to a 0.75 FTE. The savings, related to salary and benefits, will be \$8,075. The Securities Program of the State Auditor's Office is the only program with general fund. The program has 12.00 FTE and deposits approximately \$7 to \$8 million to the state general fund each year. This reduction could impact the program's timeliness with respect to regulatory functions, industry needs, and consumer protection. Existing staff will absorb the duties as time allows.

<b>Summary for Agency # 3401, State Auditor's Office</b>	<b>\$11,792</b>
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### **5801 Department of Revenue**

<u><b>Program Number &amp; Name</b></u>	<u><b>Service</b></u>	<u><b>Recommended Amount</b></u>
<b>06 Customer Service And Info Proc</b>	<b>Residual Equity Transfer</b>	400,000*

During the 2001 Legislative session, the department received a general fund supplemental appropriation of \$2.7 million (HB 3) to cover the shortfall in the Customer Service Center. The supplemental was to repay a general fund loan of \$1.2 million obtained to cover FY 2000 costs and \$1.5 million for projected costs in FY 2001. The department was required by OBPP to mitigate the supplemental request by foregoing a number of decision packages and removing approximately \$358,000 of base year FY 2000 costs (i.e., reduction of authority in FY 2002 and FY 2003). The department monitored FY 2001 costs very closely and was able to reduce costs by approximately \$400,000, leaving a fund balance at close of FY 2001. It is this fund balance that will be transferred to the general fund. [\*Included in the DOR total, but backed out of the reductions total at the end of this document and in the related transaction information.]

<b>08 Compliance Valuation And Resol</b>	<b>Unused Portion of Auditor Salary Appropriation</b>	30,000
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During the 2001 Legislative session, the department was provided a general fund line-item appropriation in HB 2 of \$208,144 in order to recruit and retain auditors. This was a continuing appropriation for the 2003 biennium. The department's most recent projections indicate that approximately \$30,000 of the appropriation will not be spent during the

<b>06, 08 CSC, CVR</b>	<b>Funding Switch - SSRF vs. GF</b>	<b>90,000</b>
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<b>05, 08 RM, CVR</b>	<b>Temporary Reduction of Rent Costs</b>	<b>36,559</b>
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<b>All</b>	<b>Entire Department</b>	<b>Reduce Number of Copiers in Mitchell Building</b>	<b>9,800</b>
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06	Customer Service And Info Proc	Mailing Tax Preparation Packages	15,000
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08	Compliance Valuation And Resol	Yellowstone County MOU	14,000
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08	Compliance Valuation And Resol	Temporarily Reduce External ABC Clinics	3,485
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<b>All</b>	<b>Entire Department</b>	<b>Temporary Reduction in Supplies Purchased</b>	21,879
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01,08 DO, CVR	Participation in External Organizations	114,973
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because DOR hopes to prepay membership dues for FY 2003 with FY 2002 funds. This one-time-only savings will save general fund and avoid opportunity costs. However, if the temporary reduction were to become permanent the state would forego the revenue generated by the MTC audit program, which exceeds the amount of the reduction.

**06 Customer Service And Info Proc Mail MTQs Annually 35,000**

The department mails MTQ (Montana Quarterly) forms each quarter for the convenience of Montana employers. The department will complete this mailing once a year and send a year's supply of forms in one single mailing. This could cause an inconvenience to Montana employers and increased risk of late or lost forms until employers transition to the new mailing cycle. An educational campaign will be used to help with the transition.

**All Entire Department Temporary Reduction in Training Expenses 60,000**

The department proposes temporarily decreasing training related costs as part of the reduction plan. A reduction of \$60,000 eliminates all training other than training for the department's attorneys (CLE - Continuing Legal Education), which is required as part of their duties at the department. The department will, if necessary, explore alternative delivery methods such as intra-net/Internet.

**All Entire Department Temporary Reduction in Travel Expenses 16,792**

The department proposes temporarily reducing travel for the budget reduction plan. A reduction of \$16,792 is related to non-audit related travel, such as training, conferences, and organization/department meetings. The department already incurred a reduction in travel of \$15,066 for FY 2003 as part of the statewide amendment to HB 2 during the 2001 Legislative session. Further reductions, especially those that negatively effect audit-related travel, will compromise the agency mission.

**All Entire Department Reduction of Overtime 179,720**

The department has incurred significant overtime costs during the past few fiscal years, due to implementation of POINTS and the legislative session. Since the department is not budgeted for overtime, it has absorbed the costs through additional vacancy savings. The department plans to tighten the use of overtime even further in FY 2003. To the extent overtime is not an option it is reasonable to expect diminished customer service, which will be less timely and less responsive. This will not impact the implementation of POINTS II.

**08 Compliance Valuation And Resol Temporary Reduction of a CVR Position 60,207**

The department proposes a temporary reduction of a Regional Lead position. The reduction includes estimated salary, benefits, health insurance, and related operating expenses. The department has divided its field-based property tax activities into six geographic regions for administrative purposes. Each region currently has a Regional Lead position assigned to it. The position proposed for reduction has been vacant for 6 weeks due to the retirement of the incumbent and for purposes of covering expenses associated with sick and annual leave payout. The department was able to fill the vacancy using an existing position. Temporary reduction of the position will reduce the department's flexibility to create a new region should it decide, that for supervisory reasons, another one is required. At this point in time, the department does not contemplate the creation of any new regions. If the department believes, at some point in time, that another region is required and thus another Regional Lead position, it will have to reclassify an existing vacant position. Currently, the department believes it is adequately staffed in the area of Regional Leads.

**06 Customer Service And Info Proc Temporary Eliminating Maintenance Contracts for GenTran & Cardiff 40,840**

The department has maintenance contract agreements for GenTran and Cardiff. The department would temporarily eliminate these maintenance contracts to save near term costs. General fund operating expenses of \$40,840 cause an increased risk to department operations in the event maintenance would have avoided system failures. If failures do occur the department will then have unscheduled unbudgeted maintenance activities.

**01 Directors Office Temporary Reduction of a DO Position 59,433**

The department proposes temporary reduction of a Hearings Officer (1.00 FTE) in the Director's Office, total costs estimated at \$59,433. The consequences of this temporary 50% reduction in staff dedicated to this activity will have a significant impact on the timeliness of processing taxpayer appeals and disputes. Customer satisfaction will no doubt be diminished and to the extent the taxpayer is not successful with their appeal, additional interest charges will accrue. The cases that come before this office include the full range of disputes from individual income tax matters to disputes related to liquor licensing, so the impact will be widely felt. Finally, the current statute requires that cases appealed to this office must be resolved within 180 days unless a mutual extension of that timeline can be agreed to. If this reduction comes to pass, the department may seek amendment to that statute to accommodate what might soon build to be an ongoing backlog of cases. Existing law permits tax appeals to be moved up to the next step of the process, i.e. the State Tax Appeal Board, if the dispute has not been

resolved before the department in 180 days. However, even if this occurs due to agency workload, and affected taxpayers have not been denied their due process right, it could be anticipated that a number of taxpayers would still be irritated and frustrated that their appeals had not been addressed in a timely manner. Making increased attempts to settle cases before they get to appeal can mitigate the impact. By definition, that may in the end compromise uniform enforcement of tax law and licensing requirements.

## Summary for Agency # 5801, Department of Revenue

**\$1,187,688**

### 6101 Department of Administration

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>04 Arch &amp; Engineering Pgm</b>	<b>Kalispell Armory Bonding</b>	136,412
The Department of Administration currently has \$1.8 million of bonding authority for the construction of a new Department of Military Affairs armory in Kalispell. The 57th Legislature restricted \$1.7 million of the bond proceeds for the installation of a new water and sewer system to serve the Kalispell armory. The remaining \$100,000 can be used for the construction of space for a veterans' administration office. The federal government is paying for the water and sewer system. No state funds will be used for installation of the system; consequently, this authority can be reverted. If the authority is reverted and the bonds not issued, a debt service reduction of approximately \$136,412 per year (based on 5% interest rate, which was provided by Piper Jaffray) would exist. The overall savings to the State would equate to approximately \$2,728,240 (principal and interest for 20 years).		
<b>03 Accounting &amp; Mgmt Support Prog</b>	<b>Funding Switch for Consumer Protection</b>	266,117
The Office of Consumer Protection has a large fund balance in one of its SSR funds that was not budgeted by the 57th Legislature. This proposal would budget amend state special authority and reduce the general fund appropriation by a like amount.		
<b>08 General Services Program</b>	<b>Defer Complex Maintenance Funded by GF</b>	27,135
This proposal would reduce the general fund contribution to the maintenance of the 3rd and 4th floor of the Capitol, Historical Society, Executive Residence and the original Governor's Mansion by \$27,135. Maintenance will be deferred until the 2005 Biennium.		

## Summary for Agency # 6101, Department of Administration

**\$429,664**

### 6102 Appellate Defender

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 Appellate Defender</b>	<b>Operating Costs</b>	6,576
A reduction in operating expenses total \$6576.		

## Summary for Agency # 6102, Appellate Defender

**\$6,576**

## Section A – General Government & Transportation

**\$2,509,645**

## Section B – Public Health and Human Services

### 6901 Department of Public Health and Human Services

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>04 Director's Office</b>	<b>Public/Health Affairs Officer salary reallocation</b>	9,121
Reallocation of the Public/Health Affairs Officers salary is expected to save \$9,121 in general fund. There is no consequence of this proposed change. This reallocation of salary does not eliminate the position is just more accurately charges the salary of this position to the programs worked with. There is no impact to constituents or staff by this reallocation of salary.		

- 04 Director's Office Council Meeting Reductions 1,200**  
Reducing the number of council meetings for Governor's Council on Families and DPHHS Advisory Council is estimated to save approximately \$1,200 general fund in operating expenditures. This option will reduce the number of meetings of the Governors Council on Families (GCOF) and the DPHHS Advisory Council from four meetings to three meetings for SFY 2003. Base year expenditures for the GCOF and the Advisory Council were \$7,100 of which \$2,500 was general fund. Projected SFY 2003 costs for both councils are \$10,000 of which \$4,700 is general fund. A reduction of meetings from four to three is estimated to save one fourth the projected general fund expenditures or \$1,200. The impact of this reduction on constituents or staff is anticipated to be minimal. Total other funds lost due to this reduction would be \$1,500.
- 04 Director's Office Eliminate Department Employee Survey 2,600**  
Eliminating the Department Employee Survey would save an estimated \$2,600 general fund in operating, consulting and professional services expenses. These funds are used to perform the annual employee survey to assist management in providing quality management and direction for the agency. The elimination of this survey would not have a direct impact on constituents, but could adversely affect staff if management issues of concern are not addressed in a timely and proper manner. The impact of this elimination may be mitigated by stronger commitment of management to address issues adequately, properly and timely and through more open lines of communications between staff and management. Total other funds lost due to this reduction would be \$4,400.
- 08 Division of Quality Assurance Combine storage space in Cogswell basement. 4,000**  
Combine storage space in the basement of the Cogswell bldg. Program 08's share of the rent will decrease while another program could increase.
- 33 Addictive & Mental Disorders Move AMDD Bulletin to the web site 6,786**  
This reduction will move the AMDD Bulletin to the web site and provide the information electronically, thereby enabling the division to save the mailing and publication costs of the biweekly newsletter. Individuals without computer access will not receive the newsletter. Total other funds lost due to this reduction would be \$6,786.
- 03 Child & Family Services Div Eliminate Computer Hardware 61,752**  
The Child and Family Services Division is in dire need of replacing all of its computers (approximately 350) and file servers. The division is currently exploring the possibility of using another funding source to purchase the computers. The federal Title IV-E program will pay for approximately 45% of the total cost of the computers. Total other funds lost due to this reduction would be \$48,519.
- 33 Addictive & Mental Disorders MMHNCC Wing Closure 116,000**  
The Montana Mental Health Nursing Care Center will be closing a wing of its facility in Lewistown. The closure is due to reduced patients in the facility. Because the daily population of patients has been declining, it is not anticipated that the wing closure will have negative consequences to patient care. There will be reductions in personnel and operational expenses.
- 33 Addictive & Mental Disorders Contract w/ children's' coalition for out-of-home placement prevention 480,000**  
This reduction would come from the reversion of biennial language appropriation to contract with children's coalition to prevent out-of-home placements. This does not reduce a currently ongoing program but it reduces the ability to put services (e.g., case management, crisis intervention) in place that could reduce out-of-home placements.
- 08 Division of Quality Assurance CON Operational Costs 12,000**  
Certificate of Need (CON) is variable and consequences would depend on the number of requests for review. If a high number of requests are received, funds will have to be found elsewhere in the division budget.
- 33 Addictive & Mental Disorders Eliminate MHOAC facilitation contract with the Consensus Council 13,710**  
Eliminate the current contract with the Montana Consensus Council for facilitation of the Mental Health Oversight Advisory Council. This will cause a reduction in support for MHOAC and may reduce the effectiveness of this council. Total other funds lost due to this reduction will be \$13,710.
- 03 Child & Family Services Div Eliminate Community Collaboration Specialist 25,000**  
The 2001 Legislature authorized \$25,000 for the Child and Family Services Division to implement a pilot project for Community Collaboration, which entails generating additional Title IV-E funds that can be used in local communities. This

appropriation is intended to fund a 1.00 FTE to initiate the project. The CFSD has not been able to fill the position since the DPHHS hiring freeze was implemented. The Title IV-E program would pay for approximately 45% of this position. By not filling the position, the department will also lose about \$20,455 in federal funds.

**08 Division of Quality Assurance Reduce Personal Services Budget 15,000**  
Reduction in personnel costs and operational expenses in Child Care and Community Residential Licensure Programs will impact how quickly daycare providers are licensed.

**08 Division of Quality Assurance OTO X-Ray Contracted Inspections 6,218**  
Reduced OTO contracted X-Ray inspections of X-Ray machines could place clients at risk of excess exposure to X-rays. This cut decreases the number of machines inspected.

**22 Senior & Long-Term Care Svcs Use Lien and Estate Recovery funds to offset Medicaid Ex 161,880**  
This reduction uses Lien and Estate funding appropriated for one-time expenditures to offset general fund in the HCBS Waiver and Nursing Home Programs. Due to this reduction, there would be less money to fund modifications to homes and other one-time expenditures that assist people to remain in community settings and there would be no money for one-time expenditures to improve the quality of life of people living in nursing homes. Total other funds lost due to this reduction would be \$438,120.

**10 Disability Services Division Reduce donated dental services under DDPAC 2,500**  
Dental services to individuals with disabilities would be reduced by \$2,500. Because of their disabilities, these individuals could not afford this treatment. There are no other options available to fund these services.

**08 Division of Quality Assurance OTO Licensure Contracted Funds 52,644**  
This reduction would decrease OTO licensure contracted services for Health Facilities Licensure inspections. Service won't be eliminated but will cause a decreased ability to assure public safety.

**33 Addictive & Mental Disorders Hold central office vacant positions open 84,784**  
Holding current central office positions open will increase the workload of other staff. One of the positions has been a high profile position to provide law enforcement and justice system training. The increased workload for other staff will lead to some work not being completed or not being completed in a timely fashion. This may result in dissatisfaction by individuals and agencies that work with the division. Total other funds lost due to this reduction would be \$67,854.

**33 Addictive & Mental Disorders Regional planning vacancies and contracted 209,260**  
By not filling the authorized positions and not contracting for services, part of the regional planning HB 2 line item appropriation would be reverted. This will increase the workload on the Mental Health Services Bureau staff and reduce the ability to implement regional management of the mental health program. Total other funds lost due to this reduction will be \$139,507.

**07 Health Policy & Services Divis Eliminate \$100,000 used for covering uninsured 100,000**  
To achieve this general fund savings, we would reduce the \$100,000 used for contracting for primary and preventive services or supporting Medicaid services for uninsured children. The initial use of the funding (1996-2000) preceded the CHIP program. Since 2000, the funding has helped support children to receive services through existing programs.

**04 Director's Office Montana Tobacco Use Prevention Program 115,538**  
Anticipated general fund savings of \$115,738 in operating expenses will be achieved by reducing MTUPP by 27%. The reduction of the general fund from the MTUPP budget will cause MTUPP to eliminate some contracts with rural and Native American communities. This reduction may also jeopardize MTUPP's award with the Centers for Disease Control, which grants MTUPP over \$900,000 annually for tobacco use prevention. MTUPP is funded with a combination of these federal funds and general fund dollars, ostensibly from the Tobacco Settlement. The general fund dollars are used as a match to the federal funds received.

**09 Operations & Technology Div Reduce level of effort (LOE) CAPS Facilities Mgmt Contract 102,041**  
TRW maintains a help desk that provides assistance to CAPS users and records problems experienced by them. As of April 24, 2002, there were 370 recorded problem reports outstanding for CAPS. In addition, there are 157 requests from the Child and Family Service Division to make changes to one or more parts of the system to further facilitate the management of child

and family services. A general fund cut of \$102,041 will result in the loss of federal match of \$94,192 (48%) creating a total cut of \$196,233. This reduction in level of effort by TRW staff will delay fixing the identified problems and delay the division's ability to make the changes they have identified. Staff does not believe it will be possible to mitigate the above consequences. The outstanding problem reports and enhancements are currently prioritized by the division and only those issues identified as high priority have been worked on by TRW. Further reduction in LOE will mean there will be fewer programming staff available to the division.

**09      Operations & Technology Div      Reduce level of effort (LOE) TEAMS Facilities      146,476**  
**Mgmt Contract**

TRW maintains a help desk that provides assistance to TEAMS users and records problems experienced by them. As of April 16, 2002, there were 529 recorded problem reports outstanding for TEAMS. In addition, there are 154 requests from the Human and Community Service Division to make changes to one or more parts of the system to further facilitate the management of TANF, Food Stamps and Medicaid eligibility. A general fund cut of \$146,476 will result in the loss of federal match of \$146,476 (50%) creating a total cut of \$292,952. The reduction in level of effort by TRW staff will delay fixing the identified problems and delay the division's ability to respond to changes in welfare reform and federal mandates. This reduction may also result in a loss of TANF Maintenance of Effort (MOE). If the agency does not meet the required MOE, a penalty equal to the amount by which it fails to meet its basic MOE will be assessed. If the level of effort is reduced it will take longer to implement required changes. Staff does not believe it will be possible to mitigate the above consequences.

**33      Addictive & Mental Disorders      Eliminate MHSP eligibility determination and      375,000**  
**reviews**

This reduction proposes to eliminate the MHSP eligibility determination and reviews by the utilization review contractor. This is part of a process of contracting out the MHSP program to a limited number of providers and eliminating the entitlement features of the program. Impacts will include elimination of some providers and require some consumers to change providers. Mental health centers will provide the MHSP eligibility function.

**03      Child & Family Services Div      Reduce Domestic Violence      75,000**

The Child and Family Services Division contracts with approximately two dozen domestic violence programs across the state and the division must provide 20-35% matching funds (20% for existing programs and 35% for new programs) for the federal Domestic Violence grant. The CFSD has historically used two funding sources to provide the match for the federal grant: 1) a general fund appropriation and 2) a state special revenue account that derives revenue from filing fees related to divorces and separations. The division has historically provided more matching funds than required by the federal grant and the general fund match can be reduced by \$75,000 without losing any federal grant funding. However, total funding for the Domestic Violence program would be reduced and the division would be required to reduce all of the domestic violence contracts by approximately 8%.

**09      Operations & Technology Div      Personal Services Cuts.      17,139**

Personnel cost reductions and operation service cuts, along with the existing high vacancy savings requirement, will impact the ability to provide critical support services for the department. With the match of approximately \$20,948 (55%) of non-general funds, the total reduction in personnel costs and services will amount to approximately \$38,086. The division's FTE provide critical support services for the department including budget preparation and management, cost projections for major benefit programs, development and operation of internal computer systems, statewide network management and support, vital records management and internal support services such as lease management, fleet management, and mailroom services. These services will be significantly reduced, and may shift costs to the programs in need of the services. Staff does not believe it will be possible to mitigate the above consequences.

**33      Addictive & Mental Disorders      Eliminate Drop-In contracts      273,000**

This reduction will eliminate mental health center drop-in contracts, which are provided on a limited number of weekday evenings and weekends for chronically mentally ill adults. The programs offer an opportunity for consumers to congregate for social activities for a few hours. The elimination will reduce support in affected communities for mentally ill adults and increase the chances of hospitalization.

**09      Operations & Technology Div      Reduce ISD Mainframe processing SEARCHS      33,113**

To realize a savings of \$33,113 general fund and \$64,278 of federal and state special match, the availability of SEARCHS to users will need to be reduced. The Child Support Enforcement uses SEARCHS during business hours by workers around the state for case management, receipting and generation of child support payments. The reduction in SEARCHS availability

may impact the workers' ability to establish paternity and child support orders and delay timely payments to the custodial parents. Child Support Enforcement workers may not be able to meet the mandated, 48-hour turnaround on child support payments and risk loss of federal funding. Staff does not believe it will be possible to mitigate the above consequences. Since SEARCHS is an automated system accessed on the state mainframe, system work would need to be completed in fewer work hours risking high error rates.

**09 Operations & Technology Div Reduce ISD Mainframe processing in CAPS 24,505**  
To realize this savings of \$24,505 general fund and \$22,620 federal funds, the availability of CAPS to users will be reduced. CAPS is used during work hours by the child and adult protection workers around the state for case management and generation of foster care payments. It is also used 24 hours a day by the centralized child abuse report staff to record and refer instances of reported child and adult abuse. The reduction in CAPS availability may impact the expedient response to child and adult abuse instances and delay the timely payments to the state's foster families. This will also place the workers in a position where work must be completed in fewer work hours and will increase error rates and risk federal funding. Since CAPS is an automated social services information system accessed on the state mainframe, system work will need to be completed in fewer work hours risking high error rates.

**09 Operations & Technology Div Reduce ISD Network Subscriptions by 50 21,780**  
A reduction of ISD network subscriptions would cut \$21,780 general fund and \$21,780 of federal and state special match. PCs in field offices would need to be reconfigured resulting in increased travel. All applications (e.g. timesheets) would be running from the C: drive resulting in increased difficulty in maintaining and upgrading applications. Travel would be required to each office site for application changes instead of being able to make changes at a central office. No automatic backup of files; users would need to be trained to back-up critical data. Local printers would be needed. No file sharing via the network resulting in increased traffic sharing files via email. Live hands-on training would not be available to system users. Public would need to go to alternative sites to look for a job. To mitigate the impacts, additional staff would be required to maintain the networks, system applications, and facilitate training needs throughout the department."

**09 Operations & Technology Div Reduce level of effort (LOE) MMIS Facilities Mgmt Contract 19,573**  
MMIS is a Medicaid provider claims processing informational retrieval system that is operated and maintained under contract by the state's Medicaid fiscal agent ACS. The current contract provides 5 professional Level of Effort (LOE) to operate and maintain the MMIS system. A general fund cut of \$19,573 will result in the loss of the federal match of \$58,719 (75%) creating a total cut of \$78,292. System changes and enhancements are prioritized by the MMIS User Group and only those items identified as high priority are worked on by ACS. A reduction in LOE will result in fewer programming staff available to the division and may delay the division's ability to respond to changes and enhancements, many of which are federal mandates that, if not met, will result in the loss of federal funding. Staff does not believe it will be possible to mitigate the above consequences. The Change Requests and Enhancements are currently prioritized by the division and only those issues identified as high priority are worked on by the ACS.

**09 Operations & Technology Div Reduce ISD Mainframe processing in TEAMS 116,676**  
Reduce ISD Mainframe processing in TEAMS. A reduction of \$116,676 general fund will result in the loss of the federal match of 50% creating a total loss of \$233,351. This reduction may also result in a loss of TANF Maintenance of Effort (MOE). If the agency does not meet the required MOE, a penalty equal to the amount by which it fails to meet its basic MOE will be assessed. To realize this savings the availability of TEAMS to users will need to be reduced. TEAMS is used during work hours by the Human and Community Services Division workers around the state for TANF, Food Stamps and Medicaid case management and generation of Food Stamps, TANF payments and Medicaid eligibility cards. The reduction in TEAMS availability will impact the workers ability to determine TANF, Food Stamps and Medicaid eligibility and may delay the generation of Food Stamps, TANF payments and Medicaid eligibility cards.

**08 Division of Quality Assurance Reduce QAD Operations 66,695**  
Reducing QAD personnel and operational costs will cause a decrease in customer service in the Administrative and in the Licensure and Audit and Program Compliance Bureaus. There will be a decreased ability to assure public safety in health and child care facilities. Total other funds lost due to this reduction would be \$52,403.

**05 Child Support Enforcement Reduce CSED Operations 22,500**  
Reductions in personnel costs and operations of \$22,500 general fund will result in a reduction of \$43,676 in matching funds. Child support services must be performed in a timely manner to meet federal regulations and this will cause increased workloads for employees to meet these requirements.

- 03 Child & Family Services Div Reduce Big Brothers Big Sisters 25,000**  
The 2001 Legislature authorized a \$25,000 one-time-only increase in the BBBS appropriation. The Child and Family Services Division contracts with BBBS in nine communities. The CFSD will reduce the contracts by approximately 12% in FY 2003. There are no federal funds associated with this appropriation.
- 06 Fiscal Services Division Reduce IT Consulting & Professional Services Budget 32,536**  
The reduction in IT consulting and professional services will be general fund of \$32,536 and federal and state special funding match of approximately \$38,194. This reduction will have adverse impacts on two critical Fiscal Services Division projects. First, the agency cost allocation plan funding will be eliminated. In addition, funding for a new accounts receivable system will be unavailable. The present A/R system is very old and extremely difficult to modify. A new system is imperative for the proper tracking of agency A/R. Audit exceptions may result if this funding is removed. This cut may also result in a loss of TANF Maintenance of Effort (MOE). If the agency does not meet the required MOE, a penalty equal to the amount by which it fails to meet its basic MOE will be assessed. To mitigate the impacts (audit exceptions and loss of A/R collection revenue), additional staff would be required to manually perform the cost allocation and A/R duties.
- 22 Senior & Long-Term Care Svcs Delay Waiver and Personal Assistance Rate and Wage Inc. 162,248**  
This cut will delay Medicaid Personal Assistance direct care wage increases and HCBS Waiver and Home Health provider rate increases by six months. This will cause an increased difficulty in recruiting and retaining direct care staff and possible increased staff turnover until the funds become available.
- 22 Senior & Long-Term Care Svcs Reduce Meals on Wheels 43,361**  
The number of Congregate and Home Delivered meals programs contracted through the Area Agencies on Aging will be reduced. This cut will delay the provider rate increase by about nine months and thereby reduce the number of meals provided to senior citizens by 15,896.
- 22 Senior & Long-Term Care Svcs Reduce Adult Protective Services Worker 41,714**  
This cut will require a delay in hiring two new Adult Protective Services workers until January 2003 (six months). The cut will cause a delayed response to reports of abuse, neglect and exploitation of vulnerable clients and the inability to provide protective services in a timely manner.
- 33 Addictive & Mental Disorders Increase Pharmacy Co-pay 80,291**  
Increase pharmacy co-pay for the Mental Health Services Plan drug program recipients. This will increase the out-of-pocket costs of MHSP pharmacy program participants by approximately \$2.50 per script.
- 33 Addictive & Mental Disorders Limit children services to individuals that are 486,197**  
Limit children's services (psychology, social worker, and professional counseling) to those that meet the definition of serious emotional disturbance. Presently in Medicaid, individuals receive services that do not meet the strict definition of SED. Services for non-SED children will be eliminated. The child and adolescent Medicaid recipients who are not SED will not receive these services. Total other funds lost due to this reduction would be \$1,309,879.
- 33 Addictive & Mental Disorders Eliminate CHIP/MHSP therapy and other non out-of-home services 75,336**  
Eliminate CHIP/MHSP outpatient therapy and other non out-of-home services. Children and adolescents will be limited to the services provided under CHIP. Once the individual has exceeded the service limits in CHIP, additional services will not be available. Total other funds lost due to this reduction will be \$322,218.
- 33 Addictive & Mental Disorders Limit adult services to individuals that are SDMI 200,000**  
Limit adult outpatient (psychology, social work, professional counseling) services to individuals who suffer from severe and disabling mental illness (SDMI). Presently in Medicaid, individuals receive services that do not meet the strict definition of SDMI. This will eliminate services for some adult Medicaid recipients who have less serious mental illnesses. Total other funds lost due to this reduction will be \$538,825.
- 33 Addictive & Mental Disorders Eliminate CHIP/MHSP out-of-home services 174,911**  
Eliminate out-of-home services for CHIP/MHSP eligible children. Children in this program requiring out-of-home care will not receive the service except to the extent it is a part of the limited CHIP benefit. Youth requiring longer-term out-of-home care will not have it available. Total other funds lost due to this reduction will be \$748,102.

<b>33</b>	<b>Addictive &amp; Mental Disorders</b>	<b>Eliminate youth/adolescent day treatment</b>	<b>258,736</b>
Eliminate youth and adolescent day treatment programs under Medicaid and MHSP. The elimination will have an impact on school-based day treatment programs and the children/adolescents in those programs may need services of another nature. With the earlier elimination of school-based services, unless school-based can be re-financed, there will not be public funding for intensive outpatient programs for seriously emotionally disturbed youth. The elimination proposal assumes only a 50% savings. It is assumed that other services will be necessary and funded with the remaining 50%. Total other funds lost due to this reduction will be \$697,069.			
<b>10</b>	<b>Disability Services Division</b>	<b>Reduce client services in VR</b>	<b>117,832</b>
Visual Services Medical will be eliminated and Independent Living and Extended Employment services to 102 individuals with disabilities will be reduced. Reductions will come from eliminating visual services medical budget of \$88,684, reducing independent living services by \$26,500 and reducing extended employment services by \$2,648. VSM services to about 71 individuals will be eliminated. Examples of services provided are diagnosis, surgery and treatment, hospitalization and transportation. To be eligible for VSM the individual must have an eye condition that needs medical attention in order to prevent blindness, restore sight or treat an eye condition due to blindness; not qualify for medical assistance through another state or federal program; and be in financial need. Independent living services to about 30 individuals will be eliminated. IL services compliment Vocational Rehabilitation services by providing the resources and assistance needed to allow consumers to move from acquiring basic needs to increased independence and community integration and employment. Ultimately IL services help decrease high costs services in more restrictive settings. Loss of funds impacts the Statewide Independent Living Council's ability to adequately support the network of centers and engage in advocacy and support for consumers and meeting the responsibilities in the State Plan for Independent Living. Reductions under the extended employment program would come from not filling one vacancy during the year. There are no other options available to fund these long-term services.			
<b>22</b>	<b>Senior &amp; Long-Term Care Svcs</b>	<b>Further Reduce Adult Protective Services</b>	<b>30,000</b>
This cut will decrease the amount of client contingency funds available to purchase services and supports, which help prevent abuse and neglect.			
<b>03</b>	<b>Child &amp; Family Services Div</b>	<b>Reduce Foster Care</b>	<b>639,417</b>
It is unclear at this point exactly what Foster Care services will be reduced or eliminated. The Child and Family Services Division will assemble a team to evaluate and prioritize which services can be reduced or eliminated. Reducing the Foster Care budget by \$639,417 will also result in a loss of approximately \$373,813 in federal Title IV-E funds. Reducing and/or eliminating services may result in the division not being able to recruit new Foster Parents or place children that need to be removed from abusive situations. The division may also be forced to reduce the length of time children spend in Foster Care.			
<b>03</b>	<b>Child &amp; Family Services Div</b>	<b>Operations Reductions</b>	<b>170,272</b>
The Child and Family Services Division will leave positions vacant when they become open. Current staff has caseloads that exceed their ability to provide the necessary services. The division is required by law to respond to reports of child abuse and neglect and leaving positions vacant for extended periods of time may result in the division not being able to meet the mandatory requirements. If the division is not able to respond in a timely manner, children may be at greater risk of abuse and neglect and the division could be much more vulnerable to tort lawsuits. Reducing the operating budget by \$170,272 in general fund will also result in the loss of approximately \$139,313 in federal Title IV-E funds.			
<b>07</b>	<b>Health Policy &amp; Services Divis</b>	<b>Reduce appropriation for CHIP</b>	<b>89,222</b>
Reducing the CHIP appropriation will eliminate health insurance coverage for 336 children. There will be \$89,222 of general funds and \$466,110 total dollars lost with this reduction. These children will no longer receive health insurance and are not eligible for Medicaid. These children were uninsured before they were covered by CHIP and will again have no resources for medical and dental care. Cutting CHIP state and federal funds shifts the costs of caring for these children to taxpayer-funded public clinics and overburdened charity care providers. The cost of this care is not matched by the federal government, meaning local communities will pay 100% of these costs. Much of the low cost primary care provided through CHIP coverage will be shifted to expensive emergency rooms.			
<b>22</b>	<b>Senior &amp; Long-Term Care Svcs</b>	<b>Further Reduce Aging Services Funding</b>	<b>30,000</b>
This cut will reduce the operations budget of the state's aging services program.			
<b>22</b>	<b>Senior &amp; Long-Term Care Svcs</b>	<b>Cut Medicaid HCBS Waiver Services</b>	<b>97,191</b>
This cut will require a five-month delay in distributing the appropriated increase in funding for the HCBS Waiver. Because			

waiver services assist people to stay in their own homes and prevent institutionalization, and because the program currently has a waiting list, the delay in allocating these resources may result in forcing some people to move into Medicaid funded nursing home services unnecessarily.

**07 Health Policy & Services Divis Withhold provider rate increase for FY 03 588,768**

The department received authorization by the 2001 Legislature to approve provider rate increases for Hospitals, Dentists, Ambulance, and Physicians, Mid-level practitioners, Therapists, and other providers reimbursed under the RBRVS methodology. Withholding this provider rate increase negatively impacts these providers in that the Medicaid program is not able to keep up with inflation with the cost of providing the health care service. The Medicaid program will wind up paying a lower percentage of the cost of care and add to the frustration of the providers with the Medicaid program. Many providers feel that Medicaid does not pay its fair share of the cost of care and withholding this increase may result in some providers refusing to provide care to clients. Total other funds lost due to this reduction is \$1,586,215.

**02 Human And Community Services Reduce TANF WoRC Contracts and TANF Supportive Services 973,117**

General fund reductions will reduce the WoRC and employment contracts and will include a reduction in the funding for TANF supportive services. The state may not meet its TANF maintenance of effort (MOE). States that do not meet their MOE are subject to severe penalties. In the succeeding year that a state does not meet its MOE its federal block grant is reduced dollar for dollar and the state has to replace the reduction with state general fund. Additionally, for not meeting MOE the block grant is reduced by 2% and again the state has to make up the difference in state general fund. With the cuts in the WoRC and employment contracts and supportive services, work participation rates will be affected. TANF clients are required to perform work activities (30-35 hours per week). These contracts and supportive services support TANF clients in attaining their work participation rates. 45 CFR 261.50 states that if a state does not meet the participation rate that a penalty of 5% of the adjusted SFAG (block grant after transfers) will be imposed, and an additional 2% of each additional year in which participation rates are not met. In the succeeding year, the state would be required to make up that reduction with state general fund. Based on the reductions, the state could receive penalties up to \$5,050,679, all of which would have to be back filled with state general fund to maintain the program at the existing level. The impact to constituents can not be mitigated. Without sufficient funding, TANF clients will not have the support to attain or maintain work and could possibly exceed their 60-month time limits. Caseload increases would occur.

**02 Human And Community Services Reduce Child Care Matching Funds 302,021**

This general fund reduction will result in lost federal match of \$819,900 and the total program reduction will be \$1,121,921. This general fund reduction eliminates child care services to 647 children from 380 families. There is a secondary impact that reduces slots filled in child care provider's facilities. For this reduction, slots would be reduced by 270. The parents of these affected families may resort to substandard child care, leave their children alone, or leave employment to care for their children. Although difficult to project the finite affect on the TANF caseload, this reduction will increase that caseload. Additionally, with the loss of this funding, waiting lists would be anticipated.

**22 Senior & Long-Term Care Svcs Reduce Medicaid Long Term Care Benefits 673,931**

To achieve the above general fund savings, a total program reduction of \$2.3 million dollars (\$673,931 general fund and \$1,682,667 other funds) must occur. The reduction will be made through a combination of decreases in the amount or level of Medicaid Long Term Care (LTC) services provided to disabled and elderly individuals and/or decreases in the number of people receiving those services. Medicaid LTC services include: nursing home services, personal assistance services, home health, home and community-based waiver and hospice services. Staff will make every attempt to achieve the required reduction through program changes that minimize the impact on the health, safety and welfare of the people served. However, given the vulnerable nature of the elderly and disabled, and their critical reliance on the assistance these services provide, deep cuts in Medicaid LTC programs have the potential to cause real harm to real people. Some individuals may attempt to live with no or reduced services at an increased risk to their personal health and safety rather than face institutionalization. Other individuals may become more dependent on unpaid friends and family to fill in the care gaps, leading to increased pressure on informal caregivers and the potential for abuse. Lastly, some individuals may not be able to cope with the reduced amount of assistance available and will be forced to enter an institutional setting.

**10 Disability Services Division Reduce client services and operations at MDC 377,217**

Montana Developmental Center will reduce client services by reducing personnel costs and operations. Basic health care, nursing services, habilitation, physical and occupational therapy to medically needy clients will be reduced. This may put the health and safety of clients in jeopardy. Clients may lose physical and social skill, have less interaction with other clients and staff, and staff may find it difficult to meet the objectives of each individual's treatment plans. Failure to meet these objectives could result in the inability to meet ICFMR regulations on active treatment, which would result in a loss of over \$9

million of Medicaid reimbursement to the general fund. There are no other options or services available for these individuals. The residents at MDC are committed to the facility through the court system and services in the community for individuals with developmental disabilities already have a large waiting list.

<b>10</b>	<b>Disability Services Division</b>	<b>Reduce client services and operations at EHSC</b>	<b>254,107</b>
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Reducing personnel services and operations at the Eastmont Human Services Center will have an impact throughout all facets of the operations at the facility. Active treatment programs will be affected, which could prevent the facility from maintaining Medicaid standards. The facility may not be able to meet its obligations to provide the required services for the residents, in which case the state could lose approximately \$2 million in federal reimbursement for failure to meet ICFMR requirements. There are no other options or services for these individuals. The residents at EHSC are committed to the facility through the court system and services in the community for individuals with developmental disabilities already have a large waiting list.

<b>10</b>	<b>Disability Services Division</b>	<b>Reduce client services in VR</b>	<b>274,940</b>
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General fund dollars totaling \$274,940 will be reduced from Vocational Rehabilitation's budget. Reductions will be in independent living services by \$9,200, extended employment services by \$68,382 and Section 110 services by \$197,358. IL services compliment Vocational Rehabilitation services by providing the resources and assistance needed to allow consumers to move from acquiring basic needs to increased independence and community integration and employment. Ultimately IL services help decrease high costs services in more restrictive settings. Loss of funds may impact the Statewide Independent Living Council's ability to adequately support the network of centers and engage in advocacy and support for consumers and meeting the responsibilities in the State Plan for Independent Living. Reductions under the extended employment program will come from freezing intake and eliminating services to an additional 10 individuals. These individuals will lose the needed on-the-job supports, ultimately losing their employment. Additional funds lost will be federal Section 110 matching dollars of \$729,205. This program assists people in achieving employment. Individuals currently receiving public assistance or other benefits including Social Security would continue to do so because they are unable to return to work. The average wage an individual earns when placed in employment is about \$8.04 per hour. For every dollar spent on VR services approximately \$6 is returned through ability to pay taxes and reduce or eliminate the need for public assistance. The current reduction is at the maintenance of effort level and any further reduction would result in financial penalties to the program. Personnel costs and operations will be reviewed for reductions commensurate with the overall program reductions.

<b>07</b>	<b>Health Policy &amp; Services Divis</b>	<b>Extend the across the board provider payment</b>	<b>629,903</b>
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Currently, for the period 1/1/02-6/30/02, the provider payment percentage increase is 2.6% but certain provider types and services have been excluded from this plan. This reduction will add pharmacy to the list of excluded provider types. The consequences of the elimination may be that some health care providers may no longer provide services to needy Medicaid-eligible Montanans. In SFY 2002, the 2.6% cut has resulted in some providers withdrawing from the Medicaid program. However, most providers have continued to provide services for clients as the 2.6% cut was limited to 1/1/02-6/30/02. Continued cuts in reimbursement may result in providers withdrawing from the program. This situation could create an access problem for the state. Total other funds lost due to this reduction will be \$1,403,640.

<b>Summary for Agency # 6901, Department of Public Health and Human Services</b>	<b>\$9,601,759</b>
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<b><u>Section B – Public Health and Human Services</u></b>	<b><u>\$9,601,759</u></b>
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## Section C – Natural Resources & Commerce

### 5201 Department of Fish, Wildlife and Parks

<b><u>Program Number &amp; Name</u></b>	<b><u>Service</u></b>	<b><u>Recommended Amount</u></b>
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<b>06</b>	<b>Parks Division</b>	<b>Grounds Maintenance reduction</b>	<b>2,500</b>
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A reduction in capitol grounds maintenance proprietary fund of \$5,000 is possible by curtailing irrigation, lowering fertilization and reducing mowing of the grounds on the Capitol Complex. About \$2,500 of the reduction results in a general fund savings. The Department of Fish, Wildlife and Parks will bill agencies at the reduced rate in FY 2003.

<b>08 Conservation Education Div</b>	<b>Reduction in Printed Material for Off-Highway (OHV) Safety and Education</b>	<b>256</b>
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A reduction in printed material relating to Off-Highway Vehicle (OHV) Safety and Education will occur. There will be a savings of \$256 at 10%. Less public information specific to safety/education and ethics related to OHV use will be available. We will ask local volunteers to do more in the way of providing information.

<b>06 Parks Division</b>	<b>Reduce Weed Control Activity in each Region of the State</b>	<b>6,000</b>
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Reduce weed control activities in each region of the state. These monies will come from a statewide cut in weed control budgets in state parks that translate into deferred maintenance of sites, not a true savings. The \$6,000 identified above represents approximately 2% of the general fund State Parks receives. Should a cut be necessary, the impacts of this decision will be seen in reduced county weed control contract payments, increased infestation of noxious weeds, increased weed control backlog, and likely more neighbor and adjacent landowner complaints. Mitigation for this action is limited because the cut will be a direct loss in service.

<b>06 Parks Division</b>	<b>Reduce Lewis and Clark Preparation</b>	<b>2,000</b>
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Reduce Lewis and Clark preparation at parks around the state including Clarks Lookout, Beaverhead Rock, Missouri Headwaters, and Giant Springs. This cut will reduce budgets and defer costs associated with preparing for the Lewis and Clark Bicentennial. The action will reduce interpretation, education, planning, and site development such as toilet placement and parking. The impact from this cut cannot be mitigated, except possibly through donations of goods from private businesses or donations of time and services by members of the public.

<b>06 Parks Division</b>	<b>Reduce State Parks Operation and Maintenance Work</b>	<b>7,548</b>
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Reduce State Parks operation and maintenance budgets in several parks including Lewis and Clark Caverns, Bannack State Park and Hell Creek State Park. The cut will reduce daily maintenance such as custodial work, mowing, fence repair, and building preservation while also increasing the deferred maintenance backlog in individual parks. Note that there is also an additional \$5000 reduction in Parks for the grounds maintenance of the Capitol Complex under statewide actions. Impacts from this proposed reduction will be a decrease in service, which is difficult to mitigate. Possible alternatives would be increased volunteerism and donation of goods.

<b>06 Parks Division</b>	<b>Reduce Operations in L &amp; C Caverns, Bannack state park</b>	<b>6,000</b>
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Further reduce operations in Lewis & Clark Caverns and Bannack state parks. Reduction of operations in these state parks could result in inadequate care being taken of Montana's historical sites. There is no known mitigation for these additional reductions.

<b>Summary for Agency # 5201, Department of Fish, Wildlife and Parks</b>	<b>\$24,304</b>
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### **5301 Department of Environmental Quality**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>10 Central Management Program</b>	<b>Reduce contracted services for database development and legal challenges</b>	<b>8,988</b>

Database development is necessary to continue the department's database consolidation projects started during previous years following reorganization of various state agencies. Legal challenges responds to a variety of challenges to the department's permitting and bonding actions. The general fund reductions will be \$4,494 and \$4,494, respectively, and will further extend the database conversion. There will be little or no impact to constituents with these reductions.

<b>50 Permitting &amp; Compliance Div.</b>	<b>Reduce Solid Waste MACo training contract</b>	<b>6,629</b>
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Operating expenses for the contract will be reduced by \$6,629. This will reduce funding for the Montana Association of Counties (MACo) sponsored solid waste training for licensed facilities. The DEQ will attempt to mitigate the reduction by seeking funding from other sources such as the EPA or the university system.

**20 Planning, Prev, & Assistance Delay recruiting and hiring accounting tech position in the fiscal unit 6,300**

A \$6,300 general fund reduction in the services of one FTE dedicated to accounting and contract management duties will be made. The fiscal unit will be required to rely on the services of the other accounting tech and the fiscal specialist position for accomplishment of accounting and contract tracking functions.

**20 Planning, Prev, & Assistance Reduce operating expenses 10,900**

Reduce operating expenses by \$10,900 for assisting local governments and small businesses with their plans to reduce wastes, increase recycling, and find markets for waste materials. Services will be reduced including on-site assistance and training. The program staff will prioritize services that can be provided and request information from clients on those services most needed in an effort to mitigate the reductions.

**50 Permitting & Compliance Div. Reduce operating expenses 50,000**

A \$50,000 reduction is about 5% of operating expenses such as travel, supplies, temporary services, communications, and training. Staff may not be able to have adequate supplies for the office, field, and safety purposes or to complete necessary travel for the inspections necessary for permitting and compliance purposes, obtain essential training, or to complete their jobs in a timely manner as expected by our constituents, the regulated community. The division will continue the use of older supplies and equipment by increasing maintenance, and will endeavor to combine more trips and seek more on-line and/or sponsor-provided training as ways to help alleviate the reductions.

**20 Planning, Prev, & Assistance Reduce operating costs 29,121**

Reduce operating costs including contracts for wastewater technical assistance, energy programs, and visibility protection. Shift funding for the barebones wastewater technical assistance program from general fund to federal funds (EPA Supplemental 106). Do not hire an air quality specialist and proceed more slowly on the development of control strategies to improve visibility in national parks and wilderness areas. Reduce operating costs including contracts and travel for the energy program. Delay purchasing replacement computers for the energy, economic analysis and air quality programs. The expected general fund savings are: (1) wastewater technical assistance--\$5,000, (2) visibility protection--\$6,000, (3) energy program operating costs--\$14,121, and (4) delayed computer purchases--\$4,000. Slowing the pace of the department's efforts to develop a visibility strategy will make it more difficult to meet the 2004 and 2008 federal deadlines for submitting state implementation plans and visitors to national parks and wilderness areas may witness hazy vistas for a longer time period. The department will produce fewer and lower quality reports on energy issues and will attend fewer state and regional meetings, workshops and conferences. Energy, economic analysis, and air quality staff will be using older and less reliable computers that are inadequate for some complex statistical and GIS applications. The department would need to secure a long-term source of federal funding for the wastewater technical assistance activities. Montana may be late in submitting 2004 regional haze state implementation plan. Resources will need to increase and activities accelerate during FY2006 and FY2007. Impacts can be partially mitigated by greater use of telephone conferences. Assigning complex statistical and GIS applications to individuals with more powerful computers and purchasing additional computers in FY2006 and FY2007 will help.

**20 Planning, Prev, & Assistance Reduce operating expenses 12,000**

Further reduce operating expenses for assisting local governments and small businesses in their efforts to reduce wastes, increase recycling, and find markets for waste materials by another \$12,000 general fund, for a total cut of \$22,900 or 10%. Services will be reduced including on-site assistance and training.

**50 Permitting & Compliance Div. Reduce operating expenses 27,233**

Further reduce division operating expenses, travel, supplies, temporary services, communications, and training by another \$27,233 for a total cut of \$77,233. Staff will not have adequate field and safety supplies or be able to complete travel for all the inspections necessary for permitting and compliance. Staff will attempt to mitigate the reductions to the extent feasible by continued use of older supplies and equipment, by increasing maintenance, combining more trips, and seeking more on-line and/or sponsor-provided training.

**50 Permitting & Compliance Div. Eliminate .50 FTE in Hard Rock and reduce MEPA general fund hours 4,332**

Eliminate 0.50 FTE environmental engineer in the Hard Rock Permitting program and reduce MEPA general fund hours. The general fund reduction will be \$4,332 and matching other funds also will be reduced. The reduction of an engineer in the Hard Rock program may slow down bond calculations on permits for new or amended projects, and may hamper securing funds for bond shortfalls and administering contracts. Due to the reduction in staffing levels, industries seeking permits may be requested to provide detailed bond calculations upon submittal for review.

<b>30</b>	<b>Enforcement Division</b>	<b>Reduce operating expenses</b>	<b>14,020</b>
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Eliminate new field equipment, reference materials and contracted services for expert witnesses in the Enforcement Division. Citizen complaint investigation and spill response services will be somewhat reduced. Savings will be \$14,020 in operating expenses. Investigation and resolution of citizen complaints about possible environmental violations will be slowed and some complaints may not be addressed. Collection of credible evidence to document violations and support enforcement of environmental laws will be restricted. The staff will be required to focus on the most severe violations and ignore minor citizen complaints, as well as limit the number of formal enforcement actions.

<b>10</b>	<b>Central Management Program</b>	<b>Reduce contracted services for database development and legal challenges</b>	<b>5,000</b>
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This reduction further increases the cuts to database development and to the operating funds used to respond to a variety of legal challenges to the department's permitting and bonding actions for a total reduction of \$13,988. The reductions will prolong the agency's database conversion. There will be little or no impact to constituents with these reductions.

<b>30</b>	<b>Enforcement Division</b>	<b>Eliminate new field equipment and eliminate laboratory samples</b>	<b>32,710</b>
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This increases the reductions to 10% by eliminating all new field equipment, reference materials and contracted services for expert witnesses, as well as laboratory samples and increasing vacancy savings by \$19,111 in personal services. Investigation and resolution of citizen complaints about possible environmental violations will be slowed and some complaints may not be addressed. Collection of credible evidence to document violations and support enforcement of environmental laws will be restricted. The 10% reduction will have more severe consequences than the earlier reduction.

<b>20</b>	<b>Planning, Prev, &amp; Assistance</b>	<b>Eliminate the match for biomass energy</b>	<b>45,458</b>
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Eliminate the match for the Biomass Energy program for a total general fund savings of \$45,458. This will reduce services that support the use of ethanol and bio-based diesel fuels and woody biomass. It will also impact the ability to obtain and use federal funds for these purposes. In-kind services will be used to the extent possible as match to attempt to keep some of the federal funds.

<b>Summary for Agency # 5301, Department of Environmental Quality</b>	<b>\$252,691</b>
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## **5603 Department of Livestock**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 Centralized Services Program</b>	<b>Operations</b>	<b>19,180</b>

A 3% reduction would all be applied in its entirety to the Centralized Services Division. This would amount to \$19,180 reductions in the division's operating budget. The operational services to be reduced would be contracted services, supplies and materials, travel and other expenses. The Central Services division provides services for all other divisions of the department. For instance all supplies and materials including personal computers and related equipment are in CS. The travel in CS is for the Board of Livestock, the Executive Officer and CS staff. The contracted services are primarily for D of A services for the entire department. There is no mitigation to the staff or our constituents.

<b>03</b>	<b>Diagnostic Laboratory Program</b>	<b>Public health tests</b>	<b>20,000</b>
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The primary mission of the Department of Livestock is to protect the livestock industry. The lab plays a major role in testing for animal diseases as well as zoonotic diseases, or diseases that can be transmitted to humans. The impact of a \$20,000 general fund reduction to the Diagnostic Laboratory Division will affect the public health testing and surveillance. Testing for the livestock industry is funded with state special revenue. General fund money barely supports public health disease diagnosis and surveillance of zoonotic diseases, including rabies, plague, tularemia, brucellosis and salmonellosis. There will be forced decreases in supplies and materials, contracted services for specialized testing, equipment and facility maintenance. Decreases in these areas could affect the mission responsibilities to the livestock industry and the assumed responsibilities of disease surveillance and testing for diseases of public health importance. It can readily be demonstrated that the general fund at the lab does not support the cost of the public health testing as it is. The livestock industry's state special revenue obviously has been subsidizing public health testing throughout the lab's history. The livestock industry will not be able to provide these public health services from industry funds. From the industry's perspective, the general fund is inadequate to support existing public health lab services. This reduction would exacerbate the problem. The Board of Livestock will not allow services to be diminished to the livestock industry.

<b>Summary for Agency # 5603, Department of Livestock</b>	<b>\$39,180</b>
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## 5706 Department of Natural Resources

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>23 Conservation/Resource Dev Div</b>	<b>CARDD Contract/Grant Reduction</b>	51,000
<p>There will be a \$51,000 reduction to the appropriation for the Grass Commission and the Irrigation Program, and to the contracts with the Gallatin RC&amp;D, the North Central Montana Regional Water Authority, and Sheridan County CD. 1) The Grass Commission will reduce its administrative costs, such as travel, and perhaps cut back the hours of the executive secretary. Services to ranchers and permittees will be reduced. Due to the location of districts, board members travel long distances. There is litigation pending at this time, which may take up large parts of the budget. Public land grazing is in a crisis situation for the permittees. 2) The Gallatin RC&amp;D will reduce work in administrative support and board member travel to accommodate the reduction. 3) The Irrigation Development Program cuts will mean that about 20 irrigation test well grants will not be funded, out of the current 25 inquiries for test wells. To most people, tests going unfunded would seem rather insignificant – except to the person who does not receive the grant. If the unfunded well would have produced irrigation water for 160 acres, then the overall economic impact to the individual producer and the rural economy becomes much larger. All funds in FY 2002 could have been committed by December of 2001. There is three times as much demand for funding as available funds. That demand continues to increase. Funds from other state special revenue (RIT) could be used if revenues support a switch. 4) A reduction to the North Central Montana Regional Water Authority would impact the Authority's ability to work with the U.S. Congress for completion of authorization of the project, as well as appropriations for construction. It could also jeopardize ongoing coordination efforts for the project, including the ability to retain the services of Bear Paw Development as the project coordinator. Additionally, if funds for a planning grant approved by Congress but not released by the Bureau of Reclamation remain in limbo, the Authority could experience considerable difficulty in completing signups with communities for municipal service agreements required for construction funding by Reclamation. Some mitigation of impacts could occur through commitment of more CARDD staff time to assist the Authority with some of this work, but that involvement would be limited. 5) For the Sheridan CD, groundwater monitoring data is required under the water reservation granted to the conservation district by DNRC. The water reservation is being developed by area farmers for sprinkler irrigation. If the grazing fees are increased, the general fund money could be reduced. Impacts to the irrigation developers could be avoided if the state were to assume operation of the groundwater monitoring program from the conservation district. State issued groundwater rights are more prevalent than district issued permits and, therefore, the state has a need for monitoring data as well.</p>		
<b>35 Forestry</b>	<b>TLMD-Operating Cut</b>	1,478
<p>The Trust Land Management Division has minimal general fund appropriation; therefore, the only function that could absorb the reduction is in the Special Use Management program. This program obtained an FTE in the 2001 Legislative Session to perform an inventory and administer non-trust state land for other agencies. This position is responsible for researching all state non-trust land records throughout Montana dating back to statehood. Non-trust land agencies do not currently have an inventory of their lands. The reduction will need to be made to the operations portion of the program. At 3% the savings will be \$1,478. Travel and contracting will be curtailed to meet the budget constraints.</p>		
<b>23 Conservation/Resource Dev Div</b>	<b>CARDD General Reduction</b>	38,713
<p>The reduction of the general fund has a variety of effects on the Conservation and Resource Development Division. The state's support to conservation districts and other local governments will be reduced. Operations will be trimmed in several ways, for example, by reducing travel and forgoing the purchase of equipment scheduled for replacement. Various grants to conservation districts will be reduced, which may eliminate watershed and 310-permit work that is required by law. These grant application cycles already have more requests than funds allow to be awarded. Also the assistance to local government with natural resource projects will be reduced or cause delays in projects in process. A 3% general fund reduction is \$38,713. The funding for some of these activities could possibly be replaced by state special revenue (RIT) funds, depending on available funding.</p>		
<b>21 Centralized Services</b>	<b>CSD-Operating Reduction</b>	52,220
<p>A \$52,220 reduction will include a freeze on the hiring of one vacant information specialist position within the division, as well as the elimination of the debt service payment for a loan reimbursing the MT Science Institute because no appropriation exists due to a technical problem. The reduction will cut technical computer support to the Kalispell area offices. Because the costs of fire suppression are not funded in the budget, the DNRC has absorbed more than \$5 million of costs (cuts) already from its appropriations for the biennium.</p>		

**25      Reserved Water Rights Comp              RWRCC-Operating Reduction              23,146**  
The Reserved Water Rights Compact Commission is a small division of 11 FTE administratively attached to DNRC with no vacancy savings anticipated in FY 2003 and certain fixed costs. A \$23,146 cut will be achieved through significant reductions in meetings/negotiating sessions/travel. Negotiations on Reserved Water Rights will be delayed. There is no way to mitigate this action.

**Summary for Agency # 5706, Department of Natural Resources              \$166,557**

**6201      Department of Agriculture**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>50      Agricultural Development</b>	<b>Replace Operations with OTO Federal Funding</b>	<b>25,000</b>
Operations in program 50 will be reduced and replaced with one-time-only federal funding. The savings are equal to a 10% general fund reduction in FY 2003.		
<b>50      Agricultural Development</b>	<b>Economic Development Investments</b>	<b>57,600</b>
The reduction will be \$57,600. Investments scheduled to be awarded for agricultural economic development will be reduced. Constituents will have to find replacement funding.		
<b>30      Agricultural Sciences Div.</b>	<b>Weed Control Grants to Governmental Entities</b>	<b>6,000</b>
Grants awarded to governmental entities to mitigate the impact of noxious weeds on private and state lands, except Department of Fish, Wildlife and Parks lands, will be reduced by \$6,000. Fewer noxious weed grants will be awarded. Constituents will have to find replacement funding.		

**Summary for Agency # 6201, Department of Agriculture              \$88,600**

**6501      Department of Commerce**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>51      Economic Development Division</b>	<b>Trade</b>	<b>88,453</b>
The Trade program currently receives \$300,000 of statutory general fund support each year. The reduction of \$88,453 will cause the "Made In Montana" advertising campaign to be put on hold next summer, while hoping to reinstate it in the summer of 2004. While overall trade initiatives will be reduced somewhat, it is believed that the general fund reduction can be managed without a significant reduction in overall program effectiveness. The department will attempt to use alternative funding sources for a portion of the effort.		
<b>50      Research &amp; Commercialization</b>	<b>Research &amp; Commercialization Awards</b>	<b>485,000</b>
The Research & Commercialization program currently transfers \$4.85 million from the general fund to the research and commercialization account at the beginning of each fiscal year. In FY 2002 the Board awarded \$4.1 million to 18 research projects, at an approximate average of \$227,000 per project. The department will reduce the FY 2003 transfer amount by \$485,000, which is the equivalent of not funding 2.15 research projects.		
<b>60      Community Development</b>	<b>Coal Board Grants</b>	<b>194,844</b>
The number of awards granted by the Coal Board in FY 2003 will be reduced by approximately 10% for a total of \$194,844. Funds not awarded by the Coal Board will be transferred from the state special revenue account to the general fund in accordance with statute. It must be noted, however, that the Bull Mountain mine in Roundup has now been permitted, and that the new coal-fired electrical generation plant in Hardin is very close to being permitted. Either of the aforementioned activities is likely to result in an increase in the number of applications for funding by the Coal Board. The communities in question are clearly going to be impacted by these projects and the Coal Board is looked to for funding in an attempt to mitigate impacts to the communities affected.		

**Summary for Agency # 6501, Department of Commerce              \$768,297**

**Section C – Natural Resources & Commerce              \$1,339,629**

## Section D – Public Safety & Justice

### 4107 Crime Control Division

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 Justice System Support Service</b>	<b>Grants to local government - Juvenile Detention</b>	33,448
<p>The state awards general fund grants to the five juvenile detention regions to assist local governments in paying for the detention of pre-adjudicated youth. The reduction of \$33,448 general fund is about 3% of the grants. Costs have escalated over the years due to changes in the types of services required and the number of youth being detained. For the past several years, local government has been paying 60% of the overall costs and the state has been paying 40%. Reductions in these funds will shift more of the costs to local government. Juvenile Accountability Incentive Block Grant funds can be used to pay for juvenile detention costs. The problem is these funds are already committed to the courts for the next two years and the amount of the annual award is decreasing. The BCC will look for any other federal grants that may become available to pay for juvenile detention costs. Presently the agency is not aware of any means to mitigate the impact to constituents.</p>		
<b>01 Justice System Support Service</b>	<b>Agency Operating</b>	21,876
<p>Management will reduce general funded agency operating costs such as contracted services, supplies &amp; materials, communications, and travel where ever possible. The majority of agency general fund operational budget is used for personnel costs and a small portion for operating costs. By reducing general fund operating costs by \$21,876.21 the Board of Crime Control may also lose \$20,629 in federal administrative funds due to matching requirements. The reduction of operating costs will reduce the ability to administer programs, primarily in the area of on-site program and fiscal monitoring. Going into the legislative session the BCC had 21 FTE and were required to apply a 4% vacancy savings reduction. Coming out of the session the agency had 18 FTE and should have been exempt from the vacancy savings reduction but was not.</p>		
<b>01 Justice System Support Service</b>	<b>Additional Decrease to Grants to Local Gov.</b>	129,091
<p>The additional reduction to the placement funds will be \$129,091. This reduction brings the Crime Control Division to a 10% reduction in total.</p>		

**Summary for Agency # 4107, Crime Control Division** **\$184,415**

### 4110 Department of Justice

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 Legal Services Division</b>	<b>Revenue Increase - Antitrust SSR transfer to general fund</b>	54,000
<p>The antitrust SSR account was established to record recoveries in antitrust cases. The Attorney General occasionally participates in multi-state antitrust actions involving price fixing or other restraints of trade that harm Montana consumers. These cases frequently produce small recoveries of damages through negotiated settlements. The account currently has a \$62,643 balance, of which the department will transfer \$54,000 to the general fund. The remaining \$8,643 will remain in the account to cover costs of antitrust cases. The decrease in antitrust lawsuits over the last couple of years resulted in less expenditures for this account. The \$8,643 remaining in the account is anticipated to be enough to cover the current appropriation. There is no impact to constituents and staff. This would be a one-time savings.</p>		
<b>29 Justice Information Systems Division</b>	<b>Revenue Increase-Non criminal background check fee</b>	120,000
<p>The Criminal Justice Information Service Bureau conducts name-based and fingerprint-based background checks against the Montana Criminal History Record System for non-criminal justice purposes. The current charge for a name-based background check is \$5. The charge for a fingerprint-based check is \$8. Revenue generated from these charges is deposited to the general fund. The charge for the name-based background check will be increased to \$8. The additional \$3 and growth in requests will generate an additional \$120,000 to the general fund, beginning in FY 2003. Any entity in the state that needs a background check will pay the fee increase. The fee has not been increased since the 1970s. The revenue will be on-going.</p>		
<b>07 Gambling Control Division</b>	<b>AARS implementation/support impact</b>	38,000
<p>The video gambling machine automated accounting and reporting system (AARS) is the only general fund appropriation in the Gambling Control Division. The appropriation is for AARS contract services, installation, maintenance and operation.</p>		

There have been no expenditures in this appropriation for this current fiscal year. The department will reduce spending on the system by \$38,000 in FY 2003. The reduction in spending will likely slow the installation and implementation of the system, and reduce the department's ability to maintain the system. To mitigate delays in installation and implementation and reduction in maintenance of the AARS would require more of the system costs be shifted to industry.

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| <b>19</b>  | <b>County Attorney Payroll</b> | <b>Reduce state's participation in county attorney</b>                          | <b>60,000</b> |
| <p>The state is required to pay one-half of county attorney salaries, up to the department's appropriation level. The respective county pays other half or balance remaining. Each county establishes salaries annually by the local Compensation Board. The \$60,000 savings resulted from over estimating the budget for FY 2002-2003 after three counties hired only half-time employees, rather than the full-time positions used in developing the budget. There will be no service reduction as a result of this savings.</p>  |                                |   |               |
| <b>01</b>  | <b>Legal Services Division</b> | <b>Legal Services travel reduction</b>  | <b>12,000</b> |
| <p>The division's ability to appear at court hearings, particularly the 9th circuit court of appeals, will be impacted.</p>  |                                |   |               |
| <b>13</b>  | <b>Highway Patrol Division</b> | <b>Reduce incarceration in county correction facilities</b>                     | <b>32,546</b> |
| <p>The Montana Highway Patrol pays county detention centers for jail costs for prisoners whom the MHP arrests. The county bills the MHP once a month for jail costs. The MHP is required to pay these costs under 7-32-2242, MCA. The current process of determining incarceration will be changed. A 3% reduction in the appropriation equals \$32,546. After the reduction, the only individuals placed in jail will be those involved in DUIs, reckless driving, officer assaults and flight risks. The MHP will serve not serve warrants or jail out-of-state drivers, individuals with medical conditions, elderly and juveniles (unless they have committed a major offense). There is no way to mitigate the impacts. The goal will be to reduce the number of incarcerations.</p>  |                                |   |               |
| <b>12</b>  | <b>Motor Vehicle Division</b>  | <b>Title process for boats/ATVs slowed down</b>                                 | <b>64,168</b> |
| <p>Savings are estimated to be \$64,168. Titling and lien filing transactions for boats, snowmobiles, and ATVs will only be performed as time permits. The cut will result in processing delays of several months. These long delays could possibly jeopardize the status of lien holders or potentially result in lost sales that could affect corporate income tax revenues. Legislation to repeal these statutes and to allow UCC lien filings could mitigate this impact.</p>  |                                |   |               |
| <b>01</b>  | <b>Legal Services Division</b> | <b>Legal Services personal services reduction</b>                               | <b>28,008</b> |
| <p>There is a vacancy within the Legal Services Division. The amount reduced is \$28,008. There will be an increased workload on remaining staff.</p>  |                                |   |               |
| <b>12</b>  | <b>Motor Vehicle Division</b>  | <b>Consolidate Billings West Driver's License Station with Billings Central</b> | <b>38,912</b> |
| <p>Closure of the Billings West Driver's License Station has already been acted on. The current staff will go to work at Billings Central. The two vacant positions will remain open. The savings from the lease total \$28,000 for fiscal years 2003 and 2004.</p>  |                                |   |               |
| <b>12</b>  | <b>Motor Vehicle Division</b>  | <b>Reduce non-pay/appear driver control actions</b>                             | <b>76,408</b> |
| <p>Savings are projected to be \$76,408 in personal services, impacting four vacant positions. Annually some 8,900 driver licensing suspension and 5,100 driver license re-instatement transactions are processed as a result of non-payment of fines or non-appearance for court dates (non-pay/appear). Legislation would be required to repeal the driver license suspensions for non-payment of fines or non-appearance for traffic court dates. Pending legislation to repeal the non-pay/appear statutes, these driver licensing suspensions and re-instatements will only be processed whenever time and resources allow. The backlogs for processing these suspensions and re-instatements will substantially increase. The possibility of a year delay for processing may have a substantial impact on an individual's livelihood. Repeal of these statutes requiring the suspension of an individual's driver license would eliminate the requirement for the \$25 re-instatement fee, as a result state general fund revenues would decrease approximately \$127,500 a year (5,100 reinstatements x \$25/re-instatement = \$127,500). Legislation on this subject will be presented that could alter this outcome. Pending repeal of these statutes, individuals would still be required to pay the re-instatement fees that are now collected by the courts. There would be the risk, also, that some court(s) would bring an action for a writ of mandate to compel the division to perform these functions since suspension of an individual's drivers license is a means to ensure payment of fines and appearances for court dates. The long-term plan would be to request repeal of 61-5-214 through 216, MCA, mandating these actions. Current staff will absorb duties.</p> |                                |   |               |

- 18 Division of Criminal Investigation Reduction of personal services - DCI** 107,197  
 Personal services will absorb a 3% reduction through attrition or vacancies. A personal service reduction will mean fewer investigations, inspections, training, and grant research and writing capabilities. Any reduction of services would have to be picked up by local governments. There are two positions associated with this plan. The first position is a filled deputy fire marshal. Current staff is able to absorb the work. The second position is a grant writer that helps other divisions as well. The department is currently trying to find other funding sources to keep this position.
- 12 Motor Vehicle Division Reduce Dealer Unit Activity** 20,000  
 Reductions of Dealer Unit activity, including issuance of dealer only titles, will be done by holding open a vacant administrative position budgeted at \$17,700 plus benefits.
- 12 Motor Vehicle Division Title & Registration Bureau reduction** 21,000  
 Staffing reductions for Title and Registration Bureau are projected to save \$21,000 in personal services by holding open a vacant position. A reduction in personnel at the Title and Registration Bureau will result in substantial backlogs in titling and lien filing transactions of up to four or five months. These delays in processing titling and lien filing transactions will create economic hardships on businesses and Montanans. A lien holder's status could potentially be jeopardized and there could be the potential for increased liability for the state. Additionally, there could be the potential for loss of sales that could reduce corporate income tax revenues.
- 01 Central Services Division Carryforward reduction** 40,000  
 Central Services will reduce \$40,000 in a current FY 2002 carryforward appropriation, which is continuing authority and can be spent in FY 2003. The appropriation is \$164,567 of which none has been spent.
- 18 Division of Criminal Investigation DCI personal services and operating reduction** 93,000  
 This reduction will be made in personal services and operating. Before a RIF is implemented, management will utilize flexibility to minimize this impact. A reduction of this size will result in fewer inspections, training, and investigations and grant research capabilities. Local governments will be impacted due to absorbing the state's reductions. Depending on where the reductions occur it could impact the mandated service.
- 32 Forensic Science Division Forensic Science lab equipment reduction** 40,000  
 The reduction will impact the equipment budget for the Forensic Science Division. Reliable equipment is necessary for the lab to function so it can provide the highest degree of analysis to state and local criminal investigators and prosecutorial personnel. Forensic science laboratories rely on sophisticated, expensive instrumentation to perform required analysis. It is not uncommon for a piece of instrumentation to cost in excess of \$100,000. Reducing the equipment budget could prevent the laboratory from maintaining reliable equipment. Assisting state law enforcement is our primary goal and good reliable instruments are essential. Montana law enforcement rely on the analysis of the evidence they submit to the forensic lab. If delays in analysis occur the judicial system will have to be notified.

**Summary for Agency # 4110, Department of Justice** **\$845,239**

## **6401 Department of Corrections**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 Admin And Support Services</b>	<b>Fund Director's Office Training with Supervision Fees</b>	<b>150,000</b>

The department will utilize the \$150,000 in excess supervision fee cash balance for the training unit in Director's Office in personal services. An increase in state special authority will be required, with an offsetting reduction in general fund. This is a one-time infusion of supervision fee cash. This cash balance has built up since FY 1994. The balance left after this excess will provide an adequate cash flow while waiting for revenues from offenders to be deposited by the Clerks of Courts. There will be no adverse impact to constituents, but it will reduce additional training opportunities for P&P. However, current level of supervisor fee expenditures would be minimally impacted, if at all.

- 05 Juvenile Corrections Reduction of contingency fund for juvenile** 1,000,000  
 There will be a significant \$1 million reduction of the contingency fund for juvenile placement. If cost containment activities are similar to FY 2002 levels, the reduction will not adversely impact juvenile placement. This proposal does not affect staff or economic development in that it does not involve any existing employees, community employment, or tax revenue. Also,

it does not, at this time, affect in manner in which the DoC carries out its mission to provide for public safety.

**03      Secure Facilities                                      Reduce Telephone Service                                      6,800**

The cost of telephone service can be reduced by ensuring that Montana Corrections Enterprises picks up the cost of the telephone and fax bills for the Industries program at the Montana Women's Prison. There will be no impact on MWP, but the reduction will decrease the profit margin of the telemarketing industry at MWP.

**03      Secure Facilities                                      Reduce Travel                                      2,313**

The amount of travel for staff will be reduced. This will go hand in hand with reducing training outside of the facility and may mean more conference calls to address management issues. The DoC will offer more in-house training and prioritize what travel is necessary for the job.

**03      Secure Facilities                                      Eliminate Training outside of facility                                      4,640**

The DoC will eliminate training outside of the facility other than Montana Law Enforcement Academy basic training. It will limit staff access to training opportunities that would enhance professional development. An effort will be made to offer a lot of in-house training and share training resources with the County Jails.

**03      Secure Facilities                                      Hold FTE Vacant for period of time                                      15,231**

The DoC is allocated 2.00 FTE for administration. If one is filled in July and one Feb 2003, the Administration and Records Department will be overwhelmed with the increase of offenders referred to MWP. This will significantly impact intakes and discharges of inmates at a cost of \$45 to \$62 per inmate. The average of 10 inmates in jail awaiting transfer on a daily basis amounts to \$107 per day (10 not leaving, 10 not coming in). Processing canteen through MSP will help eliminate some of the bookkeeping procedures and having night shift staff help with filing if available between security duties.

**01      Admin And Support Services                                      Leave vacant Admin Officer position open                                      13,947**

The DoC will not fill the administrative officer position for approximately 4 months. Administrative officer position provides investigations and other services to the citizen Board for the private prison in Shelby and the regional prisons and pre-release centers in Missoula and Great Falls. Position conducts pre-parole school, participates in pre-release screening and boot camp screening in Deer Lodge, notifies parole violators of their rights and oversees maintenance of lease vehicles. The other Parole Board staff and IPPO will have to absorb these responsibilities. Another option would be to withdraw from screening committees and have the facilities and the IPPO conduct pre-parole school.

**01      Admin And Support Services                                      Admin. Support; Training; Victim/PIO Services                                      125,073**

The DoC will leave an administrative support position vacant; limit availability of training opportunities; reduce availability of public/victim information services for reduction in Personal Services of \$100,000 and in Operating Expenses of \$25,000. Medical cost database project will experience delays as availability of staff to enter and analyze data will be limited; automation training opportunities for staff will be limited; and public information/victim services will be reduced. Other admin support staff will have added duties of data entry of technical medical information; regional and facility administrators, as well as Director's Office staff will have added duties of victim service and public information. Automated tutorials will need to be developed, time permitting.

**04      Mont Correctional Enterprises                                      Supplies and Materials                                      31,335**

The reduction will affect the appropriation for the License Plate Factory and Vocational Education programs. The cuts could have a potential affect on the inventory carryover for the License Plate Factory and the amount of curriculum purchased for Vocational Education. The programs themselves will not see any savings; rather the reductions will have a direct negative impact on the inventory and curriculum of the two programs. The appropriations for Program 4 supplies and materials for both the License Plate Factory and Vocational Education are at bare bones minimum at this time, prior to the cuts. Any cuts to the budgets will have an impact on the operations, without any potential way to mitigate the impact.

**03      Secure Facilities                                      Hold at last years budget, limit summer school                                      73,376**

Both Vocational and Adult Basic Education will be held at last year's budget and will have limited summer school. There is \$139,682 set aside to fund education. This includes enough money to increase the quality of education as DoC opens the expansion. Adult Basic Education will be offered to those who are court ordered to get their GED. Vocational Education will be forced to use a waiting list and be available to Program Team recommended offenders only. Inmates' inability to attain basic education skills severely impacts their ability to attain and maintain employment, which contributes to recidivism including new crimes. There should be a low impact on the Education staff as they will be teaching the same hours as in the past, but the offenders will be on a waiting list. Offenders could be offered more study time in the educational labs in the evening if Correctional staff is available to supervise.

<b>03</b>	<b>Secure Facilities</b>	<b>Reduction of contract beds at regional and/or private prisons (3%)</b>	<b>874,818</b>
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Reduce the contract placements in the private and regional prisons by \$874,818. The savings will be achieved by reducing the rate for each of the regional and private prisons by about \$3.00 per day per inmate in FY 2003. This reduction will come from the Contracted Services category. Services for offenders may be impacted by this reduction. However, the specific reductions will be at the discretion of the individual facilities. The alternative to this reduction is to reduce the number of offenders in secure custody placements in order to generate the targeted dollars. The DoC is actively pursuing options that would allow offenders to move to community settings, but recognizes that the acceptable level of risk for communities would be impacted.

<b>Summary for Agency # 6401, Department of Corrections</b>	<b>\$2,297,533</b>
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**6602 Dept. of Labor & Industry**

<u><b>Program Number &amp; Name</b></u>	<u><b>Service</b></u>	<u><b>Recommended Amount</b></u>
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<b>04</b>	<b>Employment Relations Division</b>	<b>Silicosis &amp; Social Security Offset Benefits</b>	<b>43,500</b>
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The Social Security Offset program pays fatality benefits to surviving spouses of injured workers. The Silicosis program pays benefits to individuals exposed to and disabled by inhalation of silica dust. The reduction of \$43,500 will be in benefits. The increasing mortality rate affecting the eligible populations of these programs has caused a natural reduction to anticipated expenditures. These programs are limited by law to the current participants. The population receiving benefits will not increase. The department can continue to meet the needs of program participants with the reduction in funding. It will not be necessary to mitigate the impact to participants because their needs will continue to be met.

<b>04</b>	<b>Employment Relations Division</b>	<b>Human Rights</b>	<b>17,404</b>
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The Human Rights program investigates and resolves complaints of illegal discrimination. Federal funds have increased which will enable the program to operate at its current level by offsetting this reduction with federal funds. Customers will not be adversely affected by this reduction.

<b>04</b>	<b>Employment Relations Division</b>	<b>Indoor Air Quality</b>	<b>34,033</b>
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As part of the executive reorganization affecting the Department of Environmental Quality, the 1999 Legislature transferred the Indoor Air Quality function, with supporting general fund, to the Department of Labor and Industry. Since then the department has integrated the Indoor Air Quality function into the spectrum of duties performed by all safety staff. A reduction of \$34,033 will be taken from personal services. The department will continue to provide this service with other sources. Customers accessing this service will not be inconvenienced.

<b>03</b>	<b>Commissioner's Office/Csd</b>	<b>Human Rights Case Activity</b>	<b>4,950</b>
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The Hearings Bureau and Legal Services will reduce personal services in human rights program by reducing the amount of hearing officer and attorney time spent on human rights cases and legal support for the Human Rights Commission and Bureau. The only general fund in program 3 is human rights funding. There may be some delays in completing hearings if the time spent by attorneys on human rights cases is reduced; the department and Commission may be unable to meet the statutory timelines for completing investigations and decisions. The Hearing Bureau has no other sources to mitigate this reduction.

<b>01</b>	<b>Job Service Division</b>	<b>Job Registry</b>	<b>21,143</b>
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Reduction in the Job Registry Program will be in personal services. The program helps state employees who are out of work because of budget reductions obtain employment. The registry position was established under 2-18-1203, MCA. Every state agency is required to request a review of pending job announcements by the division, to determine if any persons in the registry have the qualifications, prior to posting the announcement for outside applicants. The reduction to the Job Registry Program will result in the loss of services to state agencies and to laid-off state employees who qualify for services under the program. WSD has no other source of revenue to support the program.

<b>01</b>	<b>Job Service Division</b>	<b>Displaced Homemakers</b>	<b>18,423</b>
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The reduction to the Displaced Homemakers Program will limit the number of clients the program can serve. Displaced homemakers are people who have been providing services to family members in the home and have been dependent on another family member who is no longer providing that support. The reduction will result in loss of services to 6 clients out of 95-105 served per year.

**07 Mt Community Services Office of Community Service Administration 740**

The only general fund in program 7, Office of Community Services, is in administration. A reduction in administrative funding will reduce staff and services provided by staff. The savings will be 75% in personal services and 25% in operating expenses. The impact of the reduction will be felt throughout the administrative budget, as federal administrative funds are required to be matched 1:1 which doubles the dollar impact to the program. OCS has a great deal of difficulty generating matching funds and in-kind services donations. The Office of Community Services has no other source of revenue to offset this reduction.

**Summary for Agency # 6602, Dept. of Labor & Industry \$140,193**

**6701 Military Affairs**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
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<b>03 Scholarship Program</b>	<b>Scholarship Awards</b>	<b>10,173</b>
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This program provides scholarships of up to \$500 per semester to eligible Montana Air & Army National Guard personnel enrolled as undergraduate students in colleges, universities or training programs. The program goals are to: 1) Assist Montana in increasing its assigned personnel strength in both the Army and Air National Guard and 2) Enhance the Army & Air National Guard operational readiness to assume both state and federal active duty missions. A \$10,173 reduction will eliminate funding for scholarship awards to about 22 Montana National Guard members. The National Guard members applying for these awards either joined or reenlisted in the Montana National Guard based in part or solely on the fact that they would be receiving this benefit from the state. These reductions will the department to be unable to fulfill this obligation.

<b>12 Army National Guard Pgm</b>	<b>Army National Guard Operations reduction</b>	<b>38,663</b>
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The Army Program, Facilities Operation and Maintenance Division, is responsible for statewide repair and maintenance functions on all facilities and training areas, military construction projects, land and building leases, utilities and compliance with environmental regulations. The Department manages the largest building complex in state government outside of the university system. A reduction of \$38,663 in general fund to the base budget will eliminate most of the programmed building exterior maintenance projects statewide. Currently, the exterior maintenance on state-owned facilities is scheduled to preserve the exteriors and to reduce maintenance costs.

<b>31 Veterans Affairs Program</b>	<b>Veterans Affairs Operations Reductions</b>	<b>21,515</b>
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Montana Veterans Affairs Division (MVAD) is responsible for assisting and advising 107,000 Montana Veterans and their 140,000 family members concerning their earned federal and state entitlements as a result of their service and personal sacrifices for their nation, state and community. MVAD operates 8 field veteran service offices statewide, funded with general fund, of which 7 offices have 2 FTE and 1 office has 1 FTE. A reduction of 3% or \$21,515 in the MVAD general fund base budget will require a reduction in working hours for two (2) FTE by 30% and 20%, respectively, with the remaining balance reducing the MVAD operating expense budget for the statewide field veteran service offices. These 2 FTE perform daily mission-essential veteran services and support tasks in two major Montana city locations and their office's surrounding geographical region of responsibility. These 2 FTE are actively involved with customer service and support to ensure continuity of operation on a daily basis. The MVAD operating expense budget provides basic mission essential support for the 8 statewide field veteran service offices. There is no mitigation for a loss of FTE working hours and operating expense budget.

<b>21 Disaster Coordination Response</b>	<b>Disaster &amp; Emergency Services Operations</b>	<b>16,256</b>
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The DES division is responsible for disaster-planning and training activities, responding quickly and effectively to disasters and emergencies, serving as a source of information and as a 24-hour contact point and coordinating state assistance to local governments. A reduction of \$16,256 will cause operating to be reduced, which will reduce coordination, planning, training, and response support to local and tribal governments, volunteer, state and federal agencies. General fund is matched with 50% federal funds for most disaster related activities and general fund cuts will cause additional federal cuts, which double the impact of the general fund cut. The \$16,256 reduction will cause a \$15,876 federal matching funds reduction. With the events since September 11, 2001, the workload caused by the threat of terrorism has already significantly stretched the ability to conduct "normal operations". Further cuts will cause a significant impact on the division's ability to assist local governments in planning, mitigating and responding to disasters. Lack of preparedness will result in a significant increase in requests for assistance from the Governor's Disaster Fund in emergency or disaster situations and reduce our ability to recover the maximum amount of federal funds available for disaster expenditures. There is no mitigation to these impacts.

<b>01</b>	<b>Operations Support</b>	<b>Centralized Services Operations reduction</b>	<b>11,529</b>
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Centralized Service provides all of the budget, financial management, payroll, purchasing and human resources support to the Department. Since 34% of the division's operating funds pay fixed costs, such as insurance, network devices, payroll service fees, etc., the division will need to cut the balance of its operating by 32% in order to meet the \$11,529 reduction. A large portion of the division's operating budget pays fixed costs to other state departments. All other costs such as supplies, travel, equipment, ICC membership and awards will be severely curtailed or eliminated. Reducing travel to other programs in the state will exacerbate existing personnel management difficulties. Not providing awards and decorations to National Guard Soldiers for recognition of state service will conflict with requirements in military regulations.

<b>02</b>	<b>Challenge Program</b>	<b>Challenge Program Reductions</b>	<b>34,803</b>
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The Montana Youth Challenge program seeks to provide vitally needed life skills to high school dropouts so as to provide them another opportunity to be a productive member of society. All program expenses are 60% federal 40% state match. A \$34,803 reduction will reduce the program's ability to graduate as many cadets and cut supplies, materials and services used in operating the program. A 3% reduction will be \$34,803 general fund and \$52,205 federal funds for a total reduction of \$87,008. The consequences of the general fund shortfall will be magnified by the inability to match federal dollars provided to support the program.

<b>12</b>	<b>Army National Guard Pgm</b>	<b>Army National Guard Additional Reduction</b>	<b>40,000</b>
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The Army Program, Facilities Operation and Maintenance Division, is responsible for statewide repair and maintenance functions on all facilities and training areas, military construction projects, land and building leases, utilities and compliance with environmental regulations. A reduction of an additional \$40,000 in general fund to the base budget will eliminate almost completely the programmed building exterior maintenance projects statewide. This could also result in a decrease of \$120,000 in federal funding for a total loss of \$160,000 in funding to the program in addition to the other \$38,663 general funds lost. This could have long-term cost implications.

<b>Summary for Agency # 6701, Military Affairs</b>	<b>\$172,939</b>
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<b><u>Section D – Public Safety &amp; Justice</u></b>	<b><u>\$3,640,319</u></b>
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## **Section E – Education**

### **3501 Office of Public Instruction**

<b><u>Program Number &amp; Name</u></b>	<b><u>Service</u></b>	<b><u>Recommended Amount</u></b>
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<b>09</b>	<b>Distribution to Public Schools</b>	<b>Flex fund grants to schools</b>	<b>705,030</b>
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As a response to a 3% reduction in expenditures, the Office of Public Instruction recommended a 3% reduction in the amount paid to each school district for the School Flexibility fund. The flexibility fund is new for FY 2003 and has not been received by districts in prior years. Money in the School Flexibility Account is allocated to each school district according to the provisions in 20-9-542, MCA, and is used by schools for the purposes listed in 20-9-543, MCA. Districts received an estimate of their FY 2003 "flex" payment from the Office of Public Instruction in March 2002 and have used that estimate in planning their budgets and levy requirements for the 2002-2003 school year. Districts may still levy the amounts approved by voters this spring.

<b>06</b>	<b>OPI Administration</b>	<b>Personal services and operating expenses</b>	<b>133,625</b>
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The Office of Public Instruction responded to the OBPP request with only the options for a 3% reduction in each program. For the administration program 3% reduction, the OPI will first use as much vacancy savings as possible. If that is not enough then the OPI will reduce personal services and operating expenses. The reduction will decrease OPI's ability to provide services to schools.

<b>All</b>	<b>Entire Agency</b>	<b>Unidentified reductions</b>	<b>139,775</b>
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Reductions in programs and services not yet identified by the Office of Public Instruction. The Office of Public Instruction only responded to a 3% reduction in general fund expenses. It is unknown how the Office of Public Instruction would choose to allocate reductions in excess of 3%. The level of reduction necessary is anticipated to be 3.5%.

<b>Summary for Agency # 3501, Office of Public Instruction</b>	<b>\$978,430</b>
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## 5101 Board of Public Education

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 Administration</b>	<b>Supplies and Materials</b>	2,332
The Board will share reference materials with other agencies, and be frugal in the use of materials by the Board and its staff. The Board will also explore ways to reduce the amount of paperwork necessary to keep its constituents informed. The Board currently provides information regarding its activities to a mailing list consisting of 40 collaborators, constituents and interested parties.		
<b>01 Administration</b>	<b>Legal Services</b>	3,000
In the current year the legal activity has been less than anticipated and the agency will reduce this program for the next fiscal year with the hope that the Board does not have extensive litigation in FY 2003. The Board will attempt to hold back other expenses, including NASBE dues to mitigate the potential for a supplemental.		
<b>01 Administration</b>	<b>NASBE dues</b>	12,442
This item would discontinue the Board's membership in the National Association of State Boards of Education (NASBE). The National Association has proven to be the best source of material and technical assistance in keeping the Board contemporary with national trends. NASBE is one of the Board's main sources for technical assistance in understanding and implementing the new federal legislation.		
<b>Summary for Agency # 5101, Board of Public Education</b>		<b>\$17,774</b>

## 5102 Commissioner of Higher Education

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>All Lump Sum Appropriation reductions</b>	<b>Lump Sum Appropriation reductions</b>	4,286,913
The Montana University System (MUS) submitted information regarding potential reductions that had not been approved by the Board of Regents. The recommendation of most of the campuses to the Regents recommended that a significant portion of the state general fund reductions be replaced with tuition increases. We continue to recommend to the Regents that the reductions in state general fund not be replaced with further tuition increases.		
<b>04 Community College Assistance</b>	<b>Community Colleges</b>	212,531
Community Colleges responses to reductions in state general fund varied from all reductions in spending to all tuition increases. We request the Regents to consider cost reductions before tuition increases.		
<b>09 Appropriation Distribution</b>	<b>MAES Reductions</b>	379,808
The MT Agricultural Experiment Station has indicated that it would reduce equipment, Personal Services and Operations.		
<b>09 Appropriation Distribution</b>	<b>Extension Services Reductions</b>	161,824
Extension Services indicates that they will reduce support to the Local Government Center, Support to the Animal Range Position, Capital and Operating Budget, and reduce the Director's Operational Budget.		
<b>09 Appropriation Distribution</b>	<b>MFCES Reductions</b>	33,600
MFCES has indicated that they would reduce operating funds, reduce classified positions, reduce Research Assistants and Faculty Positions.		
<b>09 Appropriation Distribution</b>	<b>Bu. Of Mines Reductions</b>	57,085
MT Bureau of Mines has indicated reductions in positions, part-time help, Contracted Services, Travel, and Capital Equipment.		
<b>09 Appropriation Distribution</b>	<b>Fire Services Training Reductions</b>	18,631
Fire Services Training Center will reduce the Northwest Trainer Position.		

**09 Appropriation Distribution Reduction in Transfer to Tribal Colleges 1,750**  
Reductions to the FY 2003 portion of the biennial \$100,000 appropriation to non-beneficiary students attending tribal colleges did not contain information on the number of students that would be affected.

**Summary for Agency # 5102, Commissioner of Higher Education \$5,152,142**

**5113 Montana School for the Deaf & Blind**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>All Entire Agency</b>	<b>Fund switch with available trust income</b>	<b>165,000</b>
This option increases state special authority in School Trust Income by \$165,000 with a commensurate reduction in general fund spending. The school has received more school trust revenue over the past several years than appropriated by the Legislature, which has created a fund balance and ongoing revenue above the appropriation. There will be no reduction in services.		

<b>03 Student Services</b>	<b>Eliminate budget item for vehicle replacement</b>	<b>28,802</b>
Eliminate a \$28,802 budget item for vehicle replacement. The school would be unable to replace a van that is scheduled to be replaced.		

<b>04 Education</b>	<b>Eliminate budget item for computer replacement</b>	<b>25,000</b>
This reduction would save \$25,000 in general fund by not replacing aging computers. Future improvements in adaptive hardware and software that allow visually impaired students access to the school's curriculum will not be compatible with older PCs.		

<b>04 Education</b>	<b>Reduce Education Program operating budget</b>	<b>66,535</b>
This \$66,035 reduction represents 39% of the Education program operating budget and 73% of the supplies and materials budget. The school would not be able to replace outdated text series in the areas of math and reading that are scheduled for replacement. Supplemental classroom supplies that are ordered annually would be severely curtailed. This could jeopardize the school's ability to maintain accreditation.		

<b>04 Education</b>	<b>Reduce Education Travel</b>	<b>3,301</b>
This \$3,300 reduction will reduce travel by the school's Outreach staff. There are only 4 districts including Great Falls that have staff specifically trained to work with sensory impaired children. Even the 4 districts that have staff rely heavily on MSDB for technical support.		

<b>04 Education</b>	<b>Reduce subscriptions</b>	<b>3,800</b>
This \$3,800 reduction will eliminate all periodicals ordered by the school for library and classroom use. The school would not have any magazines (Time, Newsweek, etc) for student use.		

<b>04 Education</b>	<b>Reduce student work study</b>	<b>3,200</b>
The school provides work opportunities for high school age students. This program revolves around a curriculum designed to prepare students for the world of work. Part of the program involves classroom instruction on work readiness skills, independent living skills, and on/off campus work placement. Transition goals and objectives are written into these student's Individualized Education Plan (IEP). This would save \$3,200 in general fund. This would reduce work opportunities for high school age students and possibly cause a conflict with transition goals and objectives written into these students IEP. There is no way to mitigate the impact of this reduction on students enrolled in this program.		

**Summary for Agency # 5113, Montana School for the Deaf & Blind \$295,638**

**5114 Montana Arts Council**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 Promotion of The Arts</b>	<b>Cultural Trust Grants</b>	<b>25,000</b>
Cultural and Aesthetics projects grants in House Bill 9 (Cultural and Aesthetic Grant Appropriations) will be reduced by		

\$25,000. This program is funded approximately half by earnings from the cultural and aesthetics trust and half from the general fund. The projects impacted will be those that are greater than \$4,500. Project reversions, along with \$59,000 cash returned to the Cultural and Aesthetics account by the Department of Administration related to an audit finding, will mitigate this reduction.

**01 Promotion of The Arts Professional Development/Arts Pros 28,593**

Reduce professional development grants and the Arts Pros consultant program. Professional development grants provide matching funds for Montanans to attend seminars, conferences and workshops to further improved artistic quality, and community service in the arts. The Arts Pros consultant program allows artists and art administrators to seek advice for technical, administrative and marketing queries. This level would allow the program to continue in part.

**01 Promotion of The Arts Arts Education Grants 1,200**

Reduce the Artists in Schools and Communities Program, which provides matching funds to schools and local non-profit organizations to support artist residencies and other arts education projects. In FY 2001, the program impacted 62 schools and the average grant was about \$1,100.

**Summary for Agency # 5114, Montana Arts Council \$54,793**

**5115 State Library Commission**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>01 State Library Operations</b>	<b>Material and Online Budget</b>	<b>59,617</b>
Library Information Services Division (LISD) provides information and research services for state employees and officials and provides back-up reference service for Montana librarians and their users. LISD also maintains a special collection of materials to help support and develop the skills and knowledge of library staff and trustees in the state. This reduction would decrease the number of information resources for employees and to share with the state's librarians. This budget item is targeted because it contains the only significant general fund that is not a fixed cost or a critical FTE. The savings with a 3% reduction would equal \$39,617 or 27% of the materials and online budget in the LISD. That plus the additional \$20,000 reduction in the Library information and research services to state employees will affect services significantly. Any unreserved fund balance in the 8.36% coal tax distribution at the end of each fiscal year must be deposited in the general fund.		

**01 State Library Operations Interlibrary Loan Reimbursement Program 27,800**

Each Montana library that willingly shares its resources with the patrons of other Montana libraries is eligible for reimbursement through the statewide interlibrary loan program. This reduction is proposed because the decrease affects all libraries, not just one type of library. With a 3% reduction, \$17,800 or 6% of the interlibrary loan reimbursement program will be reduced. The \$10,000 additional reduction for the library loan program will significantly affect services.

**07 Natural Resource Info System Agency Equipment Budget 5,667**

Reduce equipment by \$5,667 or 20% in the Natural Resource Information Program.

**01 State Library Operations Agency Equipment Budget 4,631**

Reduce equipment by \$4,631 or 20% in the State Library Operations.

**Summary for Agency # 5115, State Library Commission \$97,715**

**5117 Montana Historical Society**

<u>Program Number &amp; Name</u>	<u>Service</u>	<u>Recommended Amount</u>
<b>03 Museum Program</b>	<b>Public Service and Operational Reductions</b>	<b>3,231</b>
Operations costs will be trimmed per an evaluation of efficiencies and "least operational impact" in areas such as communications, travel, and technology. The Society will attempt to find operational cuts that will have the least direct or indirect impact on constituents.		
<b>02 Library Program</b>	<b>Reference and Collections Processing Reductions</b>	<b>15,539</b>
This will reduce the Society's ability to place acquired library and archives materials into patrons' hands.		
<b>01 Administration Program</b>	<b>Public Services Reductions</b>	<b>38,033</b>
Reduction in genera fund could result in potential reductions such as limiting contact with our governing board and a newly		

formed Indian Advisory Panel; downsizing phone systems or services; reducing technology; limiting memberships in affiliated organizations; limiting newsletter and/or web services for members and constituents; limiting reference services for constituents offered by phone, travel, workshops, preparation of materials; and reducing conservation of artifacts.

<b>01 Administration Program</b>	<b>Public Service and Security Reductions</b>	18,903
Reduced general fund will result in a reduction in the agency's ability to 1) provide outreach, public information, and public contact services to Montana communities, affiliated organizations (Heritage Commission, Heritage Project, Lewis and Clark Bicentennial, Montana Museums Association, Daly and Moss Mansions, etc.), visitors to the Historical Society's Museum, and constituents around the state; 2) join other similar organizations in partnerships to stretch state heritage dollars; 3) inform Montanans of Historical Society services; and 4) maintain hours of operation for the museum.		
<b>03 Museum Program</b>	<b>Public Service and Collections Care Reductions</b>	10,846
Reduced general fund will result in fewer or smaller exhibits prepared; less curatorial work accomplished including fewer collections acquired, cataloged, and preserved; less technical assistance and public service to Montana community museums and historical societies; reduced ability to coordinate work with Montana businesses needing Society images; less ability to honor loan requests from sister institutions around Montana and the nation; less ability to prepare for our own exhibits or to help others preparing for the Lewis and Clark Bicentennial; fewer public programs and educational activities and events offered; less ability to assist statewide affiliated organizations; reduction in museum visitor hours and school tour opportunities.		
<b>02 Library Program</b>	<b>Public Service and Collections Care Reductions</b>	18,628
Reduced general fund will cause 1) reduced ability to process incoming materials (books, archival documents, maps, newspapers, photographs) throughout the Library-Archives program; 2) reduction of materials conservation work; 3) further limits on reference services offered to Montana researchers in all program areas (in person and by phone and email); 4) reduction in hours open to the public; 5) potential inability to continue systematic newspaper microfilming; 6) risk of materials being lost if their conditions are not regularly assessed; and 7) a growing backlog of materials that is not processed and so is unavailable for public use.		
<b>04 Publications</b>	<b>Educational Reductions</b>	2,146
This reduction in operational general funds for the Publications Program will require the program to evaluate all aspect of magazine and book production in order to reduce costs, such as: accepting reduced quality of materials or printing standards; reducing the size of the magazine; limiting the number of magazine issues or books published. The program already has one of the lowest levels of general fund support of counterpart in other state historical societies. This program always exercises economies of effort and scale wherever possible. Fees charged are maximized to the point of buyer resistance. The Society's magazine (Montana: The Magazine of Western History) has had a long and successful track record and does much to promote Montana in a positive way. Hence, any loss of quality and service jeopardizes other Society fundraising and outreach work since many members eventually become donors.		
<b>06 Historical Sites Preservation</b>	<b>Public Service Reductions</b>	2,493
The impact to preservation public service and outreach will be affected by reducing the ability to: partner with other agencies and Montana's nonprofit preservation and archaeology organizations in public awareness and school initiatives; visit property owners and properties that would like to be considered for listing in the National Register of Historic Places; and provide onsite consultation with building owners interested in federal tax credit project investments or other technical assistance as preservation work gets underway. In some cases, the absence of support from the Montana Historical Society may jeopardize community, business, or family efforts to invest in economically-advantageous preservation work. This program is substantially supported by federal historic preservation dollars, despite a federal 60/40 (federal/state) matching requirement. Further loss of state cash match (as opposed to in-kind services) jeopardizes the program's ability to secure federal preservation dollars and may result in turning federal funds back.		

**Summary for Agency # 5117, Montana Historical Society** **\$109,819**

**Section E – Education** **\$6,706,311**

**Statewide Total** **\$23,397,663**